



OFFICE OF MANAGEMENT AND BUDGET

FAIRFAX COUNTY ECONOMIC INDICATORS ©

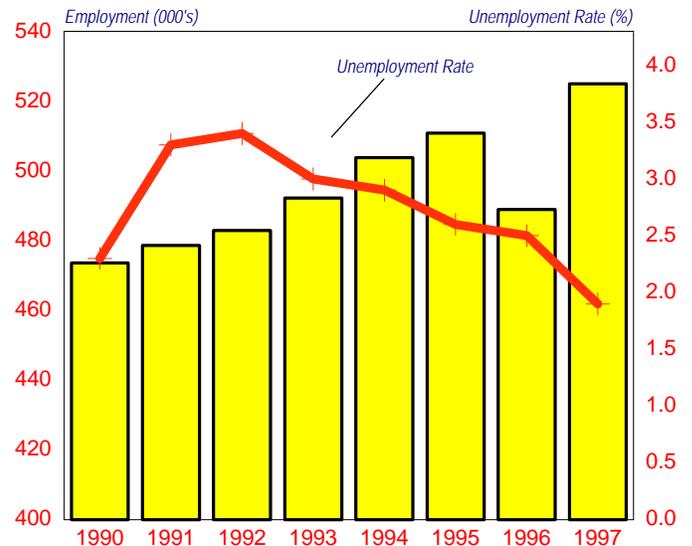
Publication 70

JANUARY 1998

JANUARY HIGHLIGHTS

- ❑ Strong local job growth continues to put downward pressure on the County's unemployment rate which fell to 1.9 percent in November, according to data reported by the Virginia Employment Commission.
- ❑ On a cautionary note, Dr. Stephen Fuller, the County's Economic Advisor, points to the County's consistently low unemployment rate as a potential limitation on the further expansion of the County's economy due to the potential unavailability of labor.
- ❑ Retail performance in November, as indicated by January Sales Tax receipts, weakened throughout Northern Virginia.
- ❑ Although Fairfax County's Sales Tax receipts topped the prior year in January, the lead was much smaller than that of recent months. As a result, the cumulative fiscal year lead relative to FY 1998 narrowed from 7.1 percent to 6.6 percent.
- ❑ Retail sales on the national level topped the prior year by only 2.0 percent in November.
- ❑ Significant increases in the number of residential dwelling permits issued during the last couple months have substantially narrowed the deficit relative to last year. As a result, the number of residential dwelling permits issued by the County in 1997 trail that of 1996 by 15.7 percent, or 1,259 permits.
- ❑ Issues of nonresidential building permits by the County in 1997 top the prior year by 67.8 percent, or 124 permits.
- ❑ The volume of existing single family homes and townhomes sold in the County through November continues to exceed that of 1996, while the new home segment has weakened further.
- ❑ The Fairfax County Coincident Index advanced slightly in November, while the County's Leading Index lost ground.

RESIDENTIAL EMPLOYMENT - NOVEMBER



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

Low unemployment in the County could dampen future economic growth...

The County's unemployment rate dropped further in November, declining 0.2 percentage points to 1.9 percent, according to the Virginia

Employment Commission (VEC). This is the lowest unemployment rate since June 1990. Additionally, November's rate is significantly below that of one year ago, when the unemployment rate was 2.5 percent. On a cautionary note, Dr. Stephen Fuller, the County's Economic Advisor, points to the County's consistently low unemployment rate as a potential limitation on the further expansion of the County's economy due to the unavailability of labor in all sectors, but especially in high-tech fields. The VEC also reported that 525,001 Fairfax County residents were employed in November, up 7.4 percent, or 36,108 jobs, over the prior year.



Unemployment situation improves on State and national levels in November...

The Commonwealth's unemployment rate also declined in November, albeit a smaller reduction of 0.1 percentage points to 3.4 percent. The national unemployment rate was lower in November, too, dipping from 4.8 percent to 4.6 percent, according to the Bureau of Labor Statistics.

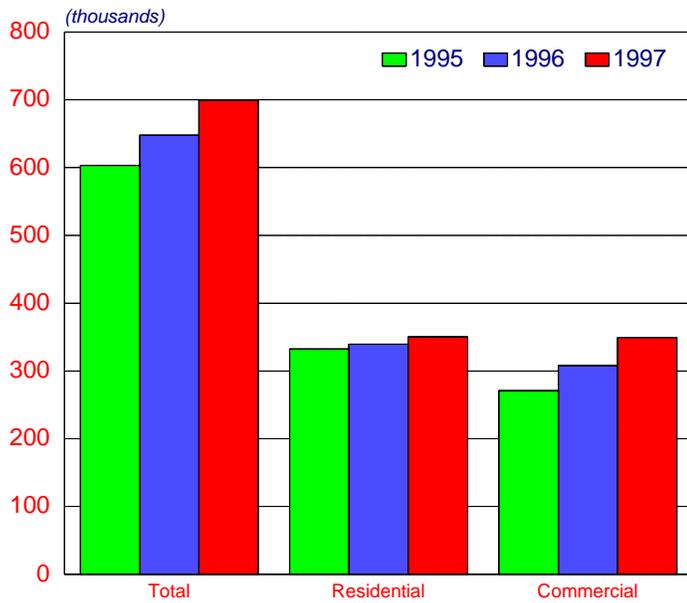
The *Fairfax County Economic Indicators* is now on the Web and can be accessed at:

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

If the web versions are sufficient for your needs, please contact Marijke Hannam at (703) 324-4518 to be taken off the monthly mailing list.



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



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

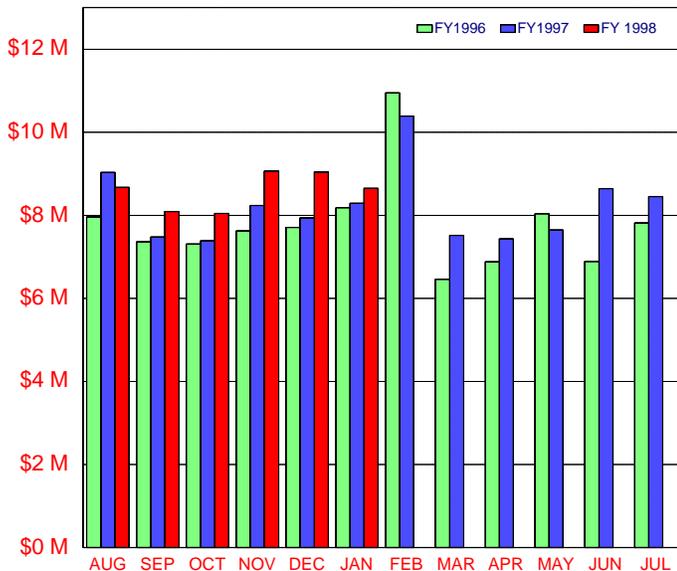
Growth in the number of business telephone lines slows a bit in December...

As of December 31, Bell Atlantic, the primary provider of local telephone service in Fairfax County, maintained 699,574 telephone lines, up 8.0 percent, or 51,623 lines, over December 1996.

While the majority of this growth is attributable to the business sector, which added 41,196 lines during 1997, the rate of growth has slowed to 13.4 percent, relative to the more than 14.0 percent pace experienced during the last 11 months. In December, 349,484 business telephone lines were registered in Fairfax County. Residential telephone lines totaled 350,090 in December, 3.1 percent or 10,427 more lines than December 1996.

SALES TAX REVENUES

(revenues represent retail sales two months prior)

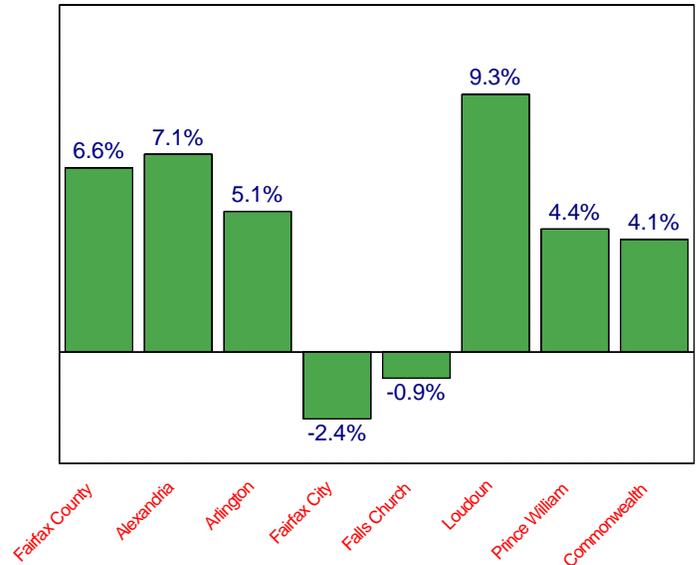


Source: Virginia Department of Taxation
Compiled by the Fairfax County Office of Management and Budget

County Sales Tax receipts leading FY 1997 by 6.6 percent through January...

Fairfax County's January Sales Tax receipts, representing retail purchases made in November, surpassed that of the prior year by a margin of 4.4 percent. Since this lead is much smaller than that of the last few months, the cumulative fiscal year lead has eroded to 6.6 percent, compared to the 7.1 percent established through last month. Sales Tax receipts to date total \$51.6 million.

FY 1998 SALES TAX RECEIPTS - THROUGH JANUARY



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

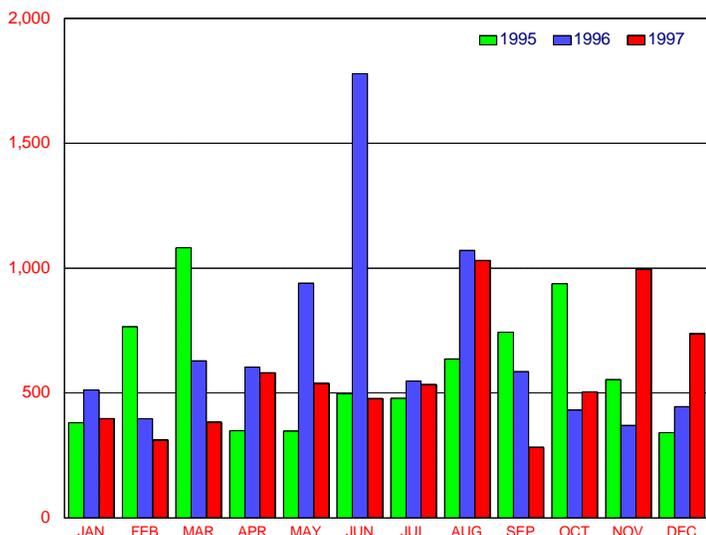
Retail performance throughout Northern Virginia weakened in November...

November retail performance throughout Northern Virginia, as indicated by January Sales Tax receipts, was weak. Relative to last year, sales of taxable retail goods in January ranged from an increase of 1.6 percent in Arlington to a decline of 3.2 percent in Falls Church. Fairfax City's Sales Tax receipts declined 31.7 percent in January, but this appears to be a filing issue. The only Northern Virginia locality to do well was Alexandria, which experienced an increase of 17.1 percent. Through January, FY 1998 Sales Tax collections are up 9.3 percent in Loudoun, 7.1 percent in Alexandria, 5.1 percent in Arlington, and 4.4 percent in Prince William. Cumulative fiscal year Sales Tax receipts in Falls Church and Fairfax City now trail FY 1997 by 0.9 percent and 2.4 percent, respectively. The Commonwealth experienced a 1.2 percent increase in total Sales Tax receipts in January, thereby reducing the lead relative to FY 1997 to 4.1 percent from 4.6 percent last month.

National retail sales top prior year by just 2.0 percent...

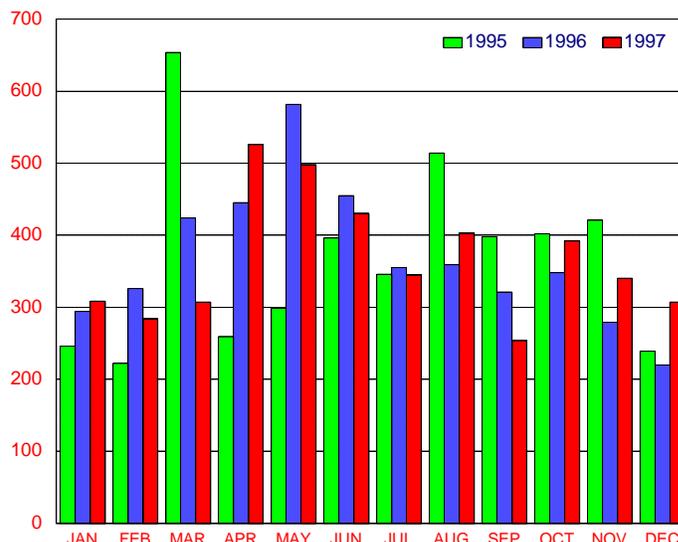
November retail sales on the national level, according to the Commerce Department, advanced a slim 2.0 percent over November 1996. Durable and nondurable goods sales both posted gains of 2.0 percent, relative to last year.

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW DWELLINGS



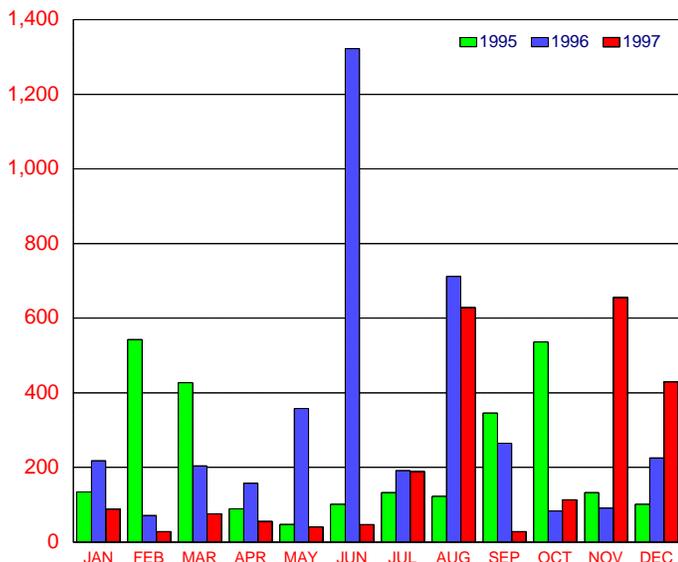
Source: Department of Environmental Management
Compiled by the Fairfax County Office of Management and Budget

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

Issues of residential dwelling permits in 1997 trail 1996 by 15.7 percent, or 1,259 permits...

December represents the third consecutive month that issues of new residential dwelling permits surpassed that of last year. December's significant increase of 65.3 percent, or 291 permits, further narrowed the cumulative deficit relative to 1997 to 15.7 percent, or 1,259 permits, compared to a gap of 20.4 percent established through November. In 1997, 6,774 residential dwelling permits were issued by the County. Permit issues for multifamily structures totaled 2,380 in 1997, down 39.0 percent, or 1,524 permits. Through December, 4,394 permits were issued for single family structures, down a slight 0.3 percent, or 14 permits, from 1996.

Residential repair and alteration permit issues total 14,493 in 1997, trailing that of 1996 by 1.4 percent, or 198 permits.

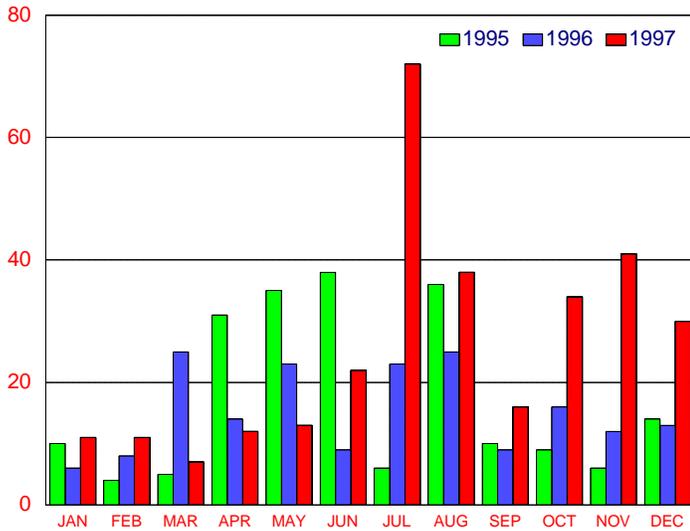
National housing starts down just 0.1 percent in 1997...

Although the deficit narrowed significantly in recent months, new privately owned housing starts on the national level were down in 1997. Through December, housing starts trail 1996 by 0.1 percent, according to the Commerce Department. This decline is driven by the Midwest region which experienced a drop of 5.6 percent, relative to 1996. By contrast, the Northeast, South, and West posted gains of 3.5 percent, 1.5 percent, and 0.8 percent, respectively.

Residential building permit issues up 1.2 percent in 1997 on national level...

The Commerce Department also reported that the number of residential building permits issued nationwide in 1997 topped that of 1996 by a narrow 1.2 percent margin. Through December, residential building permits issues are up 4.9 percent in the West, 3.7 percent in the Northeast, and 2.5 percent in the South. By contrast, issues of residential building permits in the Midwest declined 6.4 percent in 1997.

**NUMBER OF NONRESIDENTIAL BUILDING PERMITS
NEW STRUCTURES**



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

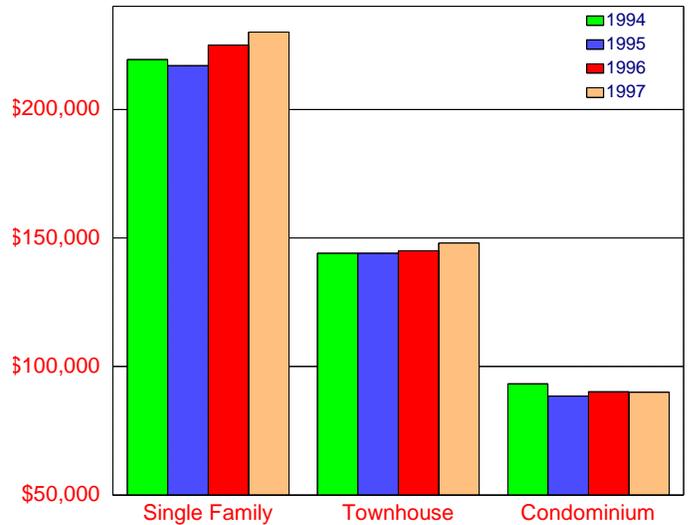
Issues of nonresidential building permits up 67.8 percent, or 124 permits, in 1997...

For the seventh consecutive month, a significant increase in the number of nonresidential building permits issued was posted in December. As a result, issues in 1997 exceed that of last year by 67.8 percent, or 124 permits. In 1997, 307 nonresidential building permits were issued.

Issues of nonresidential repair and alteration permits lost ground in 1997. Through December, 3,801 permits were issued, 3.2 percent, or 126, fewer than that of 1996.

HOME SALES IN FAIRFAX COUNTY

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

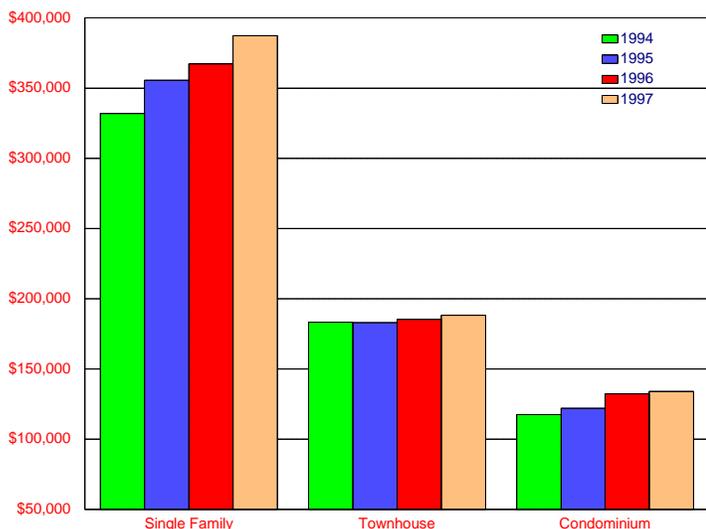


Source: Department of Tax Administration
Compiled by the Fairfax County Office of Management and Budget

Existing condominiums selling at lower prices in 1997...

Based on sales data through November, the median selling prices of existing single family homes and townhomes in the County have increased, while that of existing condominiums has slipped. More specifically, the median selling price of existing single family homes through November is \$230,000, up 2.2 percent from 1996's \$225,000. Similarly, a median selling price of \$148,000 has been established for existing townhomes thus far in 1997, up 2.1 percent over the \$145,000 registered in 1996. By contrast, existing condominium sales through November indicate a 0.3 percent decline in the median selling price to \$90,000 from \$90,243 in 1996.

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



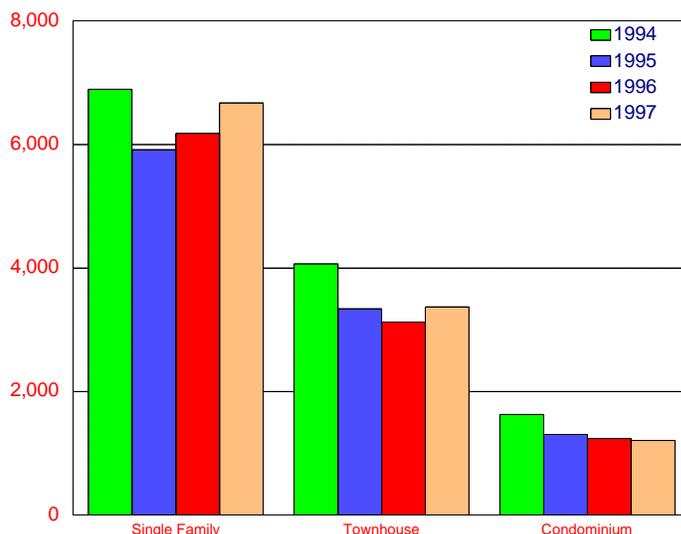
Source: Department of Tax Administration
Compiled by the Fairfax County Office of Management and Budget

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.

New homes selling at higher prices relative to 1996...

Sales data through November indicate increases in the median selling prices of new homes in the County. To date, the median selling price of new single family homes has increased 5.5 percent to \$387,472 from the \$367,225 registered in 1996. New townhomes have sold for a median price of \$188,127 through November, up 1.5 percent from the \$185,400 established in 1996. New condominiums have sold for a median price of \$134,090 thus far in 1997, an increase of 1.4 percent over the \$132,185 registered in 1996.

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



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

The volume of existing single family and townhomes outpacing 1996 through November...

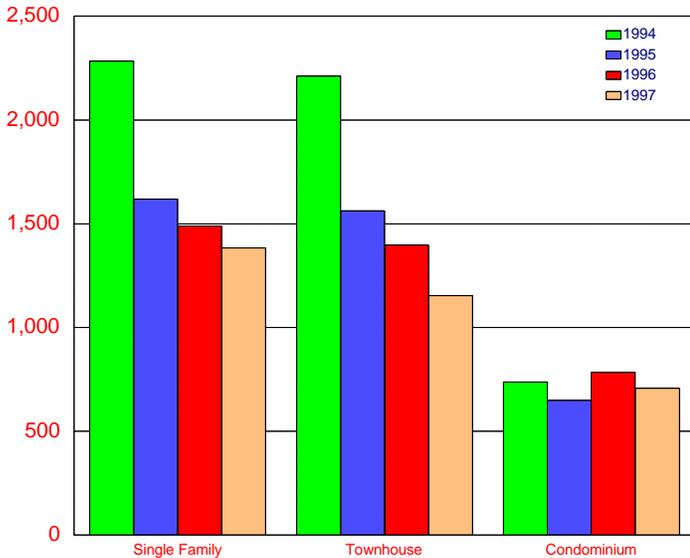
The sales volume of existing single family homes and townhomes in the County through November exceeds that of 1996, while existing condominium sales trail the prior year. Through November, 6,674 existing single family homes have been sold, up 8.1 percent, or 497 homes, over the level registered in 1996. Sales of existing townhomes total 3,371 units to date, up 8.0 percent, or 249 units, over the same period in 1996. By contrast, the 1,204 existing condominiums sold through November trail that of 1996 by 2.5 percent, or 31 homes.

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

	Existing Sales	New Sales
Single Family	2.2	5.5
Townhouse	2.1	1.5
Condominium	-0.3	1.4

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

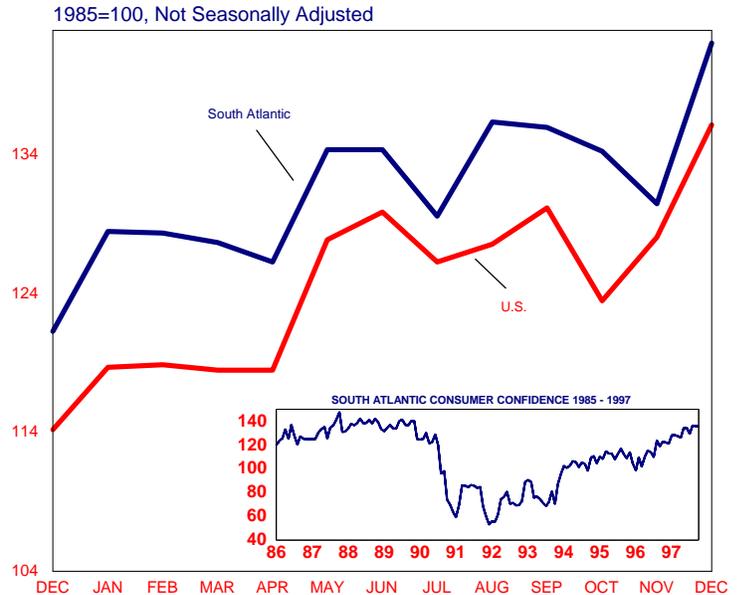
**NUMBER OF NEW HOMES SOLD
JANUARY - NOVEMBER 1994 - 1997**



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

Sales of new homes, in terms of volume, down through November...

Consistent with past trends, the sales volume of new homes in the County is down relative to 1996. Through November, 1,153 new townhomes have been sold, down 17.5 percent, or 244 units, from the same period in 1996. Similarly, sales of new single family homes total 1,382 through November and are down 7.1 percent, or 106 units, from 1996. To date, 707 new condominiums have been sold, down 9.8 percent, or 77 units, from last year.

New home sales up 13.5 percent through November nationwide...

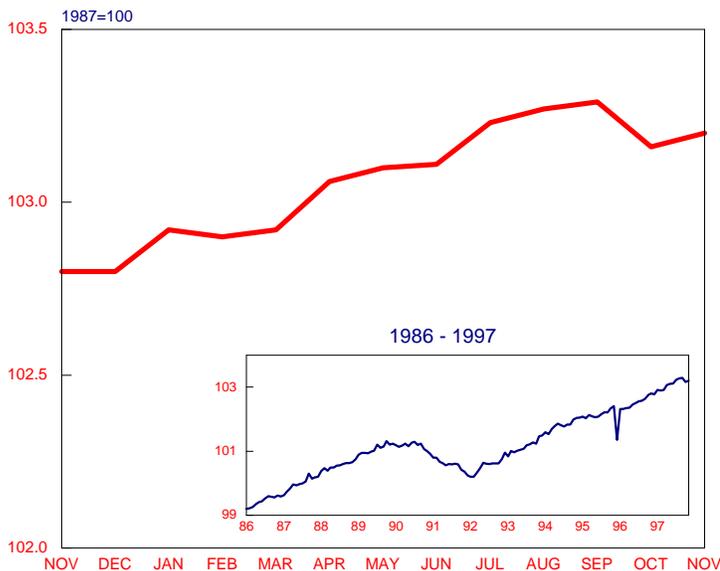
Sales of new homes through November are up 13.5 percent nationwide, according to the Commerce Department. More specifically, new home sales are up 34.5 percent in the Northeast, 12.3 percent in the South, 11.8 percent in the West, and 9.6 percent in the Midwest.

Consumer confidence surges in December...

The Conference Board's South Atlantic Consumer Confidence Index jumped 11.6 points in December to 142.1. The National Consumer Confidence Index also increased in December, gaining 8.1 points to 136.2. Please note, however, that consumer confidence, particularly on the regional level, exhibits considerable variability. Caution, therefore, should be used when interpreting these one-month jumps.

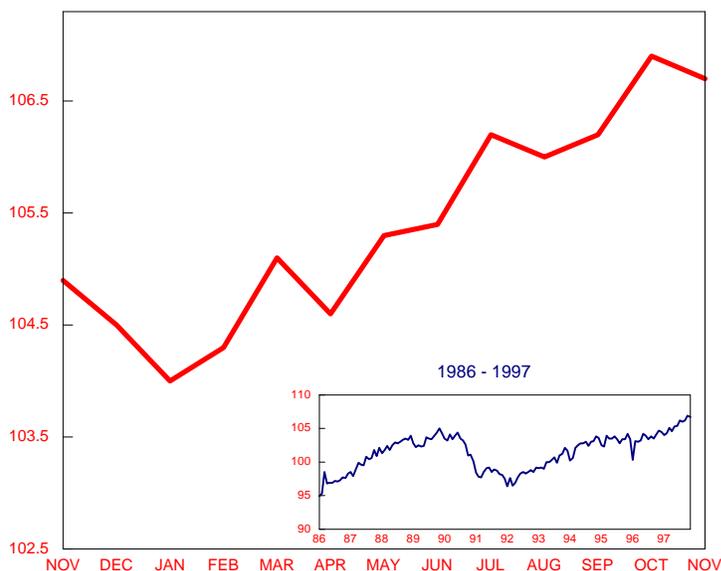
The following section includes a discussion of economic indices for three different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices are discussed first, followed by the Metropolitan Indices which consider the Washington Metropolitan economy, 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 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

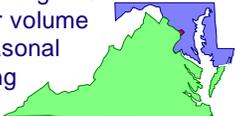
County's economy remains steady in November...

The Fairfax County Coincident Index, which represents the current state of the County's economy, increased a marginal 0.01 points to 103.20 in November, indicating a steady economy. Three of the Index's four components made positive contributions. Transient Occupancy Tax collections increased for the first time in four months; consumer confidence in the South Atlantic advanced slightly after slipping in three of the previous four months; and total employment, adjusted for seasonal variation, posted its fifth consecutive gain. By contrast, the County's Sales Tax receipts, adjusted for inflation and seasonal variation, dropped after having increased for four consecutive months.

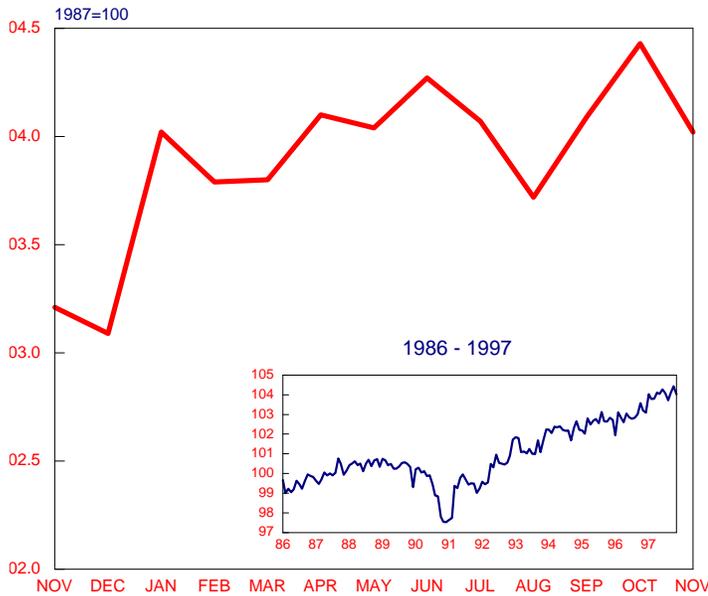


The Metropolitan Coincident Index slips slightly in November...

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, slipped 0.2 points in November to 106.7. This decline was driven by the seasonal weakening in the hospitality industry, with the remainder of the economy performing well. Three of the Index's four components made positive contributions in November. More specifically, wage and salary employment posted an advance for the third consecutive month and the ninth time in 1997; nondurable goods retail sales registered a gain for a second month; and consumer confidence in the South Atlantic increased slightly following two declines. By contrast, domestic passenger volume at National Airport, reflecting its normal seasonal pattern, declined after posting two strong monthly gains in September and October.

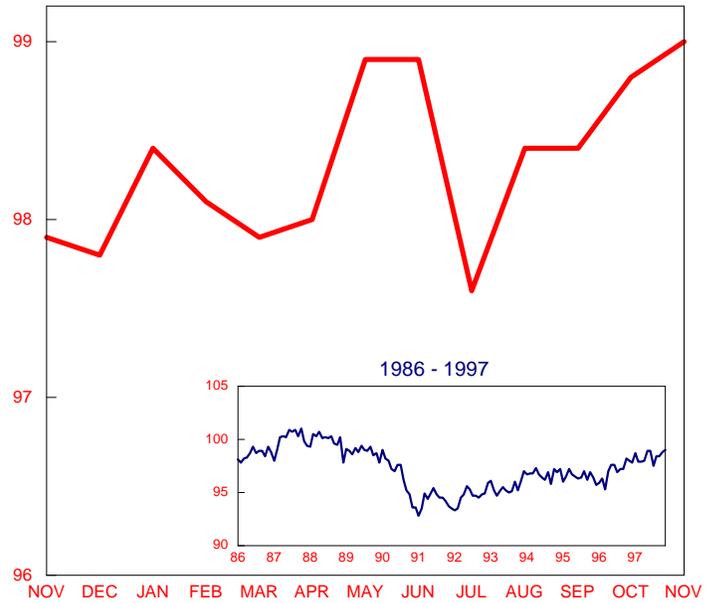


FAIRFAX COUNTY LEADING INDEX



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's Leading Index drops in November...

The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in the future, slipped 0.40 points in November to 104.02. This decline dropped the Index back to its twelve-month moving average value for the second time in four months. In November, three of the Index's five components contributed to its decline. New automobile registrations declined sharply and have now been down in three of the past four months; South Atlantic consumer expectations (consumer confidence six months hence) decreased for a second consecutive month; and the mean value of residential building permits issued by the County declined for the fourth time in five months. Meanwhile, the number of residential building permits issued by the County registered a strong increase for the second consecutive month and initial claims for unemployment insurance decreased (improved) erasing nearly all of the prior month's increase.



Metropolitan Leading Index suggests future growth...

In November, 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 gain of 0.2 points, increasing to 99.0. The Index has now advanced for four consecutive months. In November, initial claims for unemployment insurance decreased (improved) for a second consecutive month, and the Help Wanted Index remained steady. By contrast, the number of residential building permits issued, consumer expectations (consumer confidence six months hence), and durable goods retail sales made negative contributions in November.



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