



DEPARTMENT OF MANAGEMENT AND BUDGET

FAIRFAX COUNTY ECONOMIC INDICATORS ©

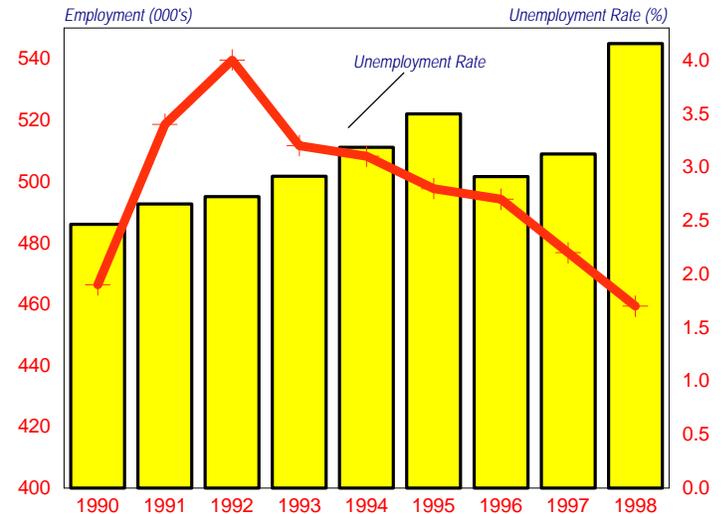
Publication 77

SEPTEMBER 1998

SEPTEMBER HIGHLIGHTS

- ❑ The County's unemployment rate decreased 0.2 points to 1.7 percent in July, according to data reported by the Virginia Employment Commission.
- ❑ Due to the strong increase of 11.1 percent in the County's September sales tax receipts, collections for FY 1999 to date top the prior year by 11.0 percent. Sales tax receipts in most other Northern Virginia localities are also up through September.
- ❑ Issues of new residential dwelling permits decreased significantly in August, dropping 21.4 percent relative to the prior year. Despite this decrease, the cumulative number of permits issued to date tops the prior year by a 41.5 percent margin.
- ❑ Home sales data through August, in terms of volume, indicate increases relative to 1997. In contrast, the sales volume of new single family homes and condominiums continue to lag behind the prior year, and only modest increases are evident in the new townhome market.
- ❑ The median sales prices of existing and new single family and townhomes have increased modestly relative to last year, while that of existing and new condominiums has declined.
- ❑ While both the Fairfax County Coincident and Leading Indices advanced in July, slower economic growth is expected.

RESIDENTIAL EMPLOYMENT- JULY



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

The County's unemployment rate decreased to 1.7 percent in July...

The County's unemployment rate decreased 0.2 points in July to 1.7 percent, according to the Virginia Employment Commission (VEC).

Consistent with recent trends, the unemployment rate is notably below that of one year ago when a rate of 2.2 percent was recorded. The VEC also reported that 544,961 Fairfax County residents were employed in July, up 7.1 percent, or 36,018 jobs, over the prior year. It should be noted, however, that the VEC recently revised the data for 1997 to make it consistent with national employment figures. As a result, the County's 1998 job growth may be overstated.

The unemployment rate for the Commonwealth decreased slightly in July, while that of the nation remained constant...

The Commonwealth's unemployment rate also decreased in July, declining 0.4 points to 3.1 percent from the 3.5 percent experienced in June. Again, this rate is significantly below that of the prior year when the State's unemployment rate was 4.2 percent. Nationally, the unemployment rate remained constant at 4.5 percent in July.

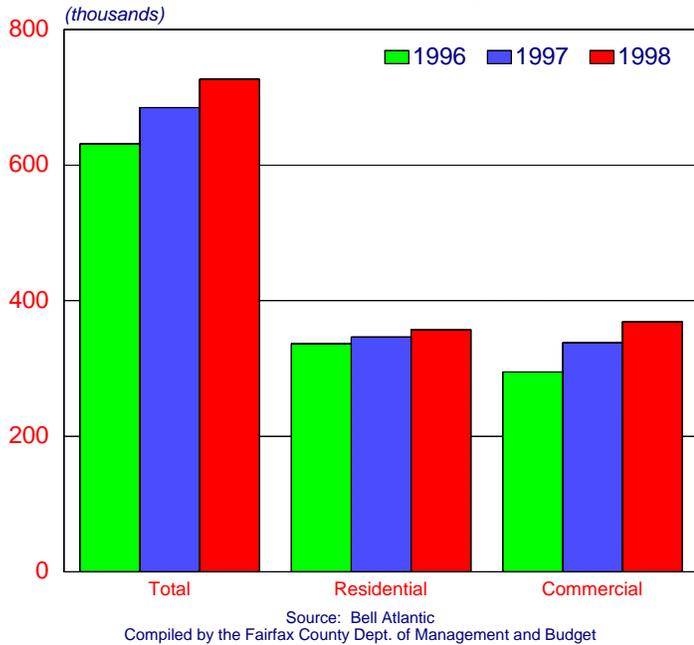


The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

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



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



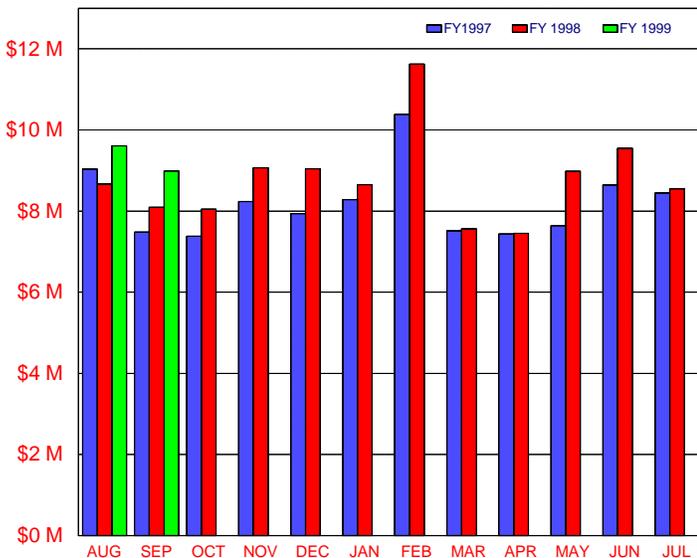
Total number of telephone lines maintained in the County continues to increase...

As of August 31, 1998, Bell Atlantic, the primary provider of local telephone service in Fairfax County, maintained 726,525 telephone lines, up 41,824 lines, or 6.1 percent, over August 1997.

The business sector added the majority, or 31,094, of the new telephone lines over the past 12 months. Total business lines in the County are up 9.2 percent to 369,126. Although this growth rate is still significant, the pace has slowed down in recent months. Residential telephone lines totaled 357,399 as of August, an increase of 10,730 lines, or 3.1 percent, over the prior year.

SALES TAX REVENUES

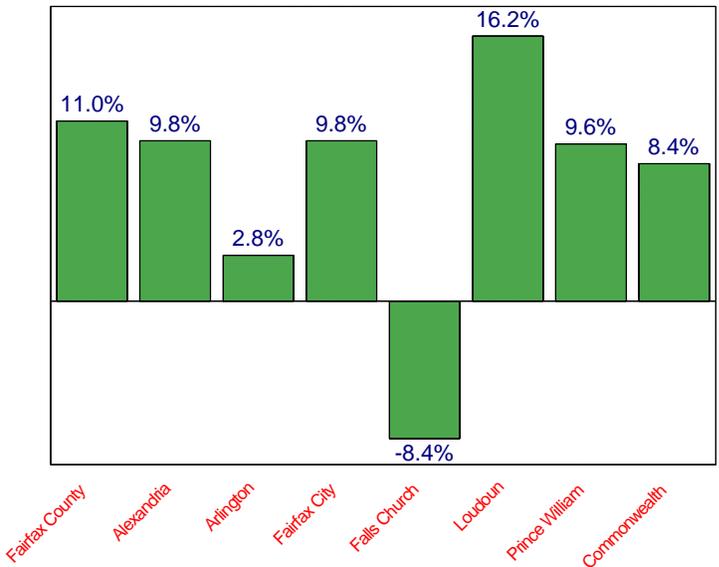
(revenues represent retail sales two months prior)



The County's cumulative sales tax receipts top the prior year by 11.0 percent through September...

Fairfax County's September sales tax receipts, representing retail purchases made in July, were \$9.0 million and topped the prior year by 11.1 percent. To date, fiscal year sales tax receipts total \$18.6 million and lead the prior year by an 11.0 percent margin.

FY 1999 SALES TAX RECEIPTS - THROUGH SEPTEMBER



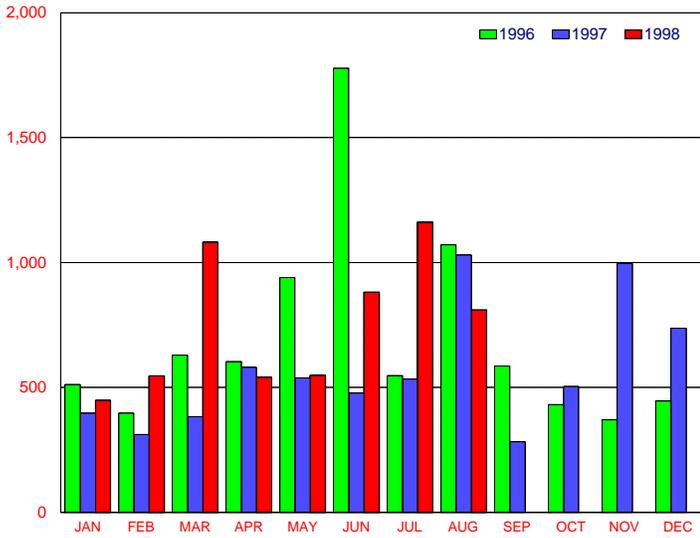
Retail sales receipts throughout Northern Virginia is varied...

July retail performance, as indicated by September sales tax receipts, throughout Northern Virginia outperformed the prior year in every jurisdiction except Arlington. For the first two months of FY 1999, sales tax receipts are up 16.2 percent in Loudoun, 9.8 percent in Alexandria and in Fairfax City, 9.6 percent in Prince William, and 2.8 percent in Arlington. By contrast, sales tax receipts trail the prior year by 8.4 percent in Falls Church. The Commonwealth experienced a 5.6 percent increase in September sales tax receipts. As a result, cumulative sales tax receipts for the Commonwealth top the prior year by 8.4 percent.

National retail sales in July are up 5.0 percent relative to prior year...

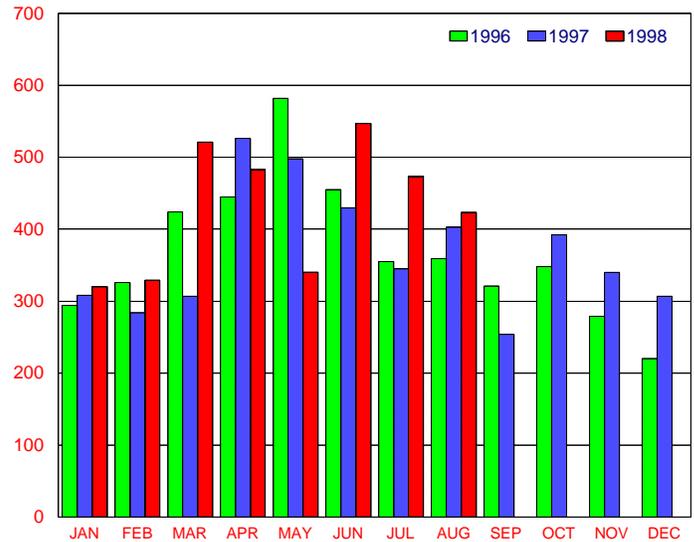
According to the Commerce Department, July retail sales on the national level topped the prior year by 5.0 percent. Durable goods sales posted an advance of 5.5 percent, reflecting positive gains in all three of its major components. Nondurable goods sales gained 4.6 percent over the prior year. Five of the six major components in this category made positive contributions ranging from 4.3 percent to 7.7 percent. Drug and proprietary stores, as well as general merchandise group stores, experienced the more significant gains, while food stores reported a more moderate advance. In contrast, gasoline service stations posted another decline relative to the prior year.

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW DWELLINGS



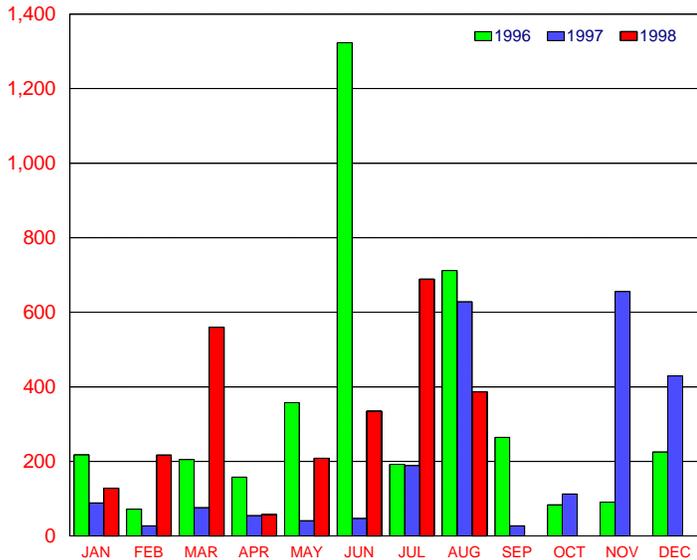
Source: Department of Environmental Management
Compiled by the Fairfax County Dept. of Management and Budget

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW SINGLE FAMILY DWELLINGS



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

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW MULTIFAMILY DWELLING



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

Total number of residential repair and alteration permits issued trails last year to date...

The number of residential repair and alteration permits issued in August increased a modest 6.7 percent, or 77 permits. Despite this increase, the total number of residential repair and alteration permits issued to date still trails the prior year by 2.2 percent, or 214 permits, with 9,721 being issued thus far.

New privately owned housing starts on the National level lead the prior year by 10.0 percent through August...

New privately owned housing starts on the national level continue to outpace 1997. Through August, housing starts lead the prior year by 10.0 percent, according to the Commerce Department with all four regions making positive contributions. The South leads on the national front, posting an increase of 10.9 percent, followed by gains of 10.8 percent, 8.8 percent, and 7.4 percent in the West, Northeast, and Midwest, respectively.

The number of residential building permits issued nationally also up through August...

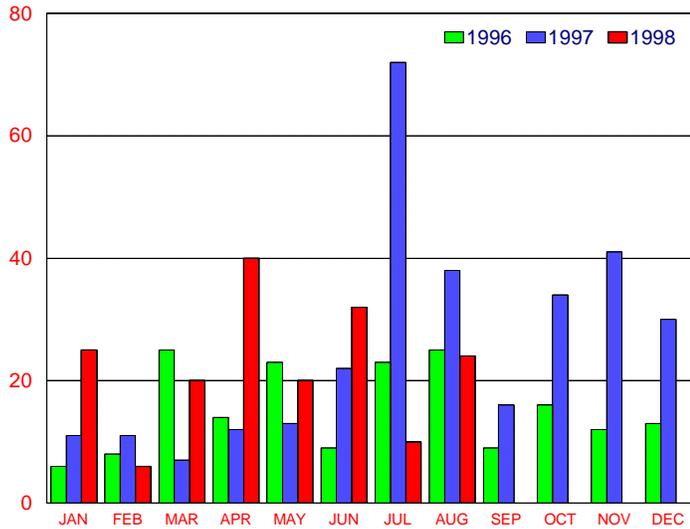
The Commerce Department also reported that the number of residential building permits issued nationwide through August exceeds that of the prior year by 10.4 percent. Once again, all four regions are experiencing growth. Residential building permit issues were up 13.7 percent in the South, 11.4 percent in the West, 5.1 percent in the Midwest, and 4.7 percent in the Northeast.

Issues of new residential building permits decreased in August...

Issues of new residential dwelling permits in August decreased significantly, dropping 21.4 percent, or 221 permits, compared to the prior year. Despite the decrease in the number of permits issued

in August, however, the total number of permits issued to date is 6,019 and tops the prior year by 41.5 percent, or 1,765 permits. This significant increase is primarily due to gains in the multifamily component. To date, 2,583 permits have been issued for multifamily structures, reflecting a lead of 124.0 percent, or 1,430 permits relative to last year. Permit issues for single family structures totaled 3,436 through August, up 10.8 percent, or 335 permits, relative to last year.

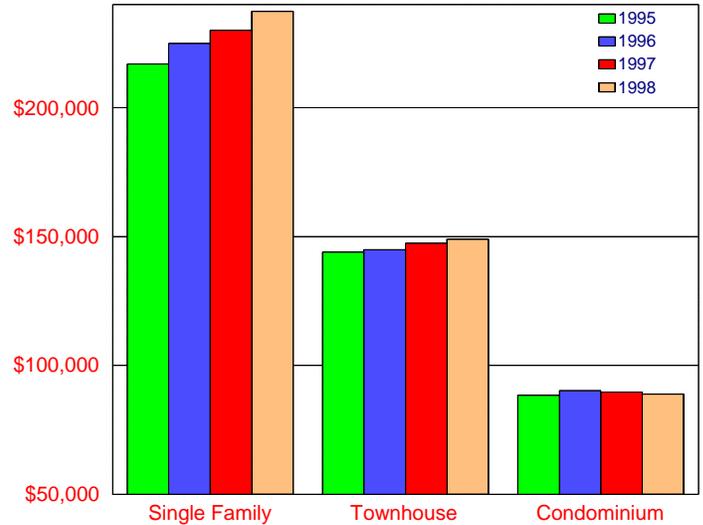
**NUMBER OF NONRESIDENTIAL BUILDING PERMITS
NEW STRUCTURES**



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

HOME SALES IN FAIRFAX COUNTY

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



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

The number of nonresidential permits issued in August declined relative to 1997...

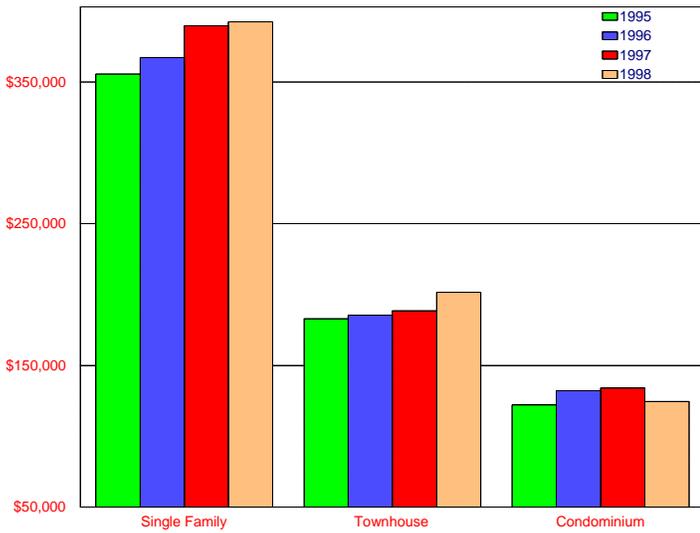
The number of nonresidential permits issued, by the County in August was significantly below that of the prior year, declining 36.8 percent, or 14 permits. As a result, a cumulative deficit of 4.8 percent exists, relative to 1997.

The median selling prices of all types of existing single family and townhomes up moderately through July...

Based on sales data through July, the median selling prices of existing single family and townhomes reflect modest increases, while that of existing condominiums is lagging slightly behind 1997. The median selling price of existing single family homes sold through July is \$237,500, an increase of \$7,500, or 3.3 percent, over 1997's median selling price of \$230,000. Similarly, a median selling price of \$149,000 has been established for existing townhomes sold through July, up 1.0 percent over the \$147,500 registered in 1997. By contrast, existing condominium sales through July indicate a slight 0.7 percent decline in the median selling price to \$89,000 from 1997's \$89,625.

Please note that 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 - JULY 1998 COMPARED
TO ANNUAL MEDIAN PRICES 1995 - 1997**



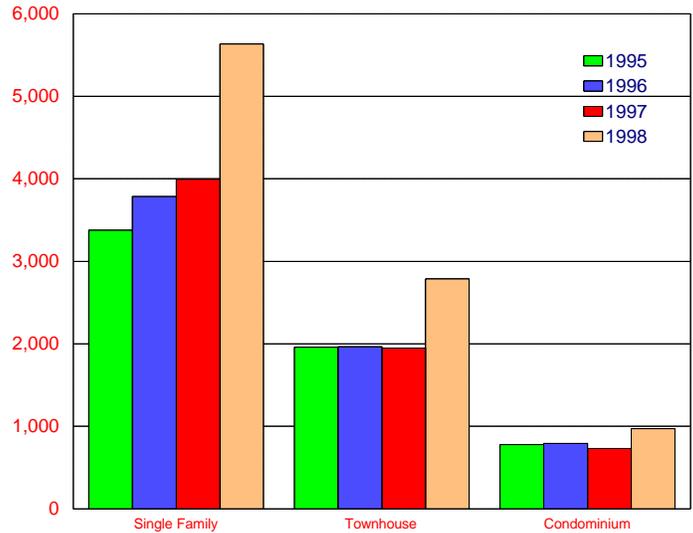
Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

The median selling price of new single family and townhomes also up through July...

Sales data through July indicate increases in the median selling prices of new single family homes and townhomes. By contrast, the median sales price of new condominiums continues to lag behind the prior year. For the first seven months of the year, the median selling price of new single family homes has grown a modest 0.7 percent to \$392,379 from the \$389,747 established in 1997. The median selling price of new townhomes increased a more significant 6.9 percent, to \$201,500, from the \$188,481 established in 1997. By contrast, the median selling price of new condominiums continues to lag behind 1997, with a decline of 7.2 percent to \$124,436 from the \$134,038 in 1997. Again, it should be noted that due to nature of real estate sales, data is subject to be revised when final monthly housing sales are reviewed.

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 - JULY**



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

The sales volume of all types of existing homes lead the prior year by significant margins to date...

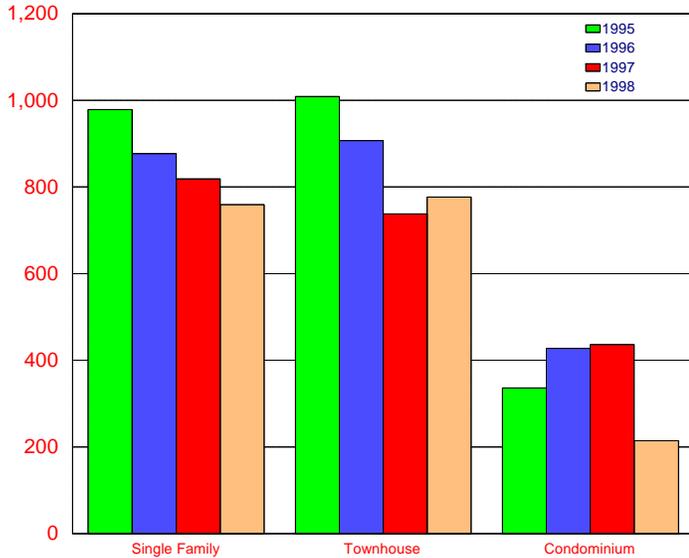
Sales volume of all types of existing homes in July continue to outpace that of one year ago by significant margins, thereby contributing to the year-to-date leads established in prior months. To date, 2,787 existing townhomes were sold, up 43.1 percent, or 839 units as compared to 1997. Through July, 5,634 single family homes were sold, topping the prior year by a significant 41.0 percent lead, or 1,639 homes. Sales of existing condominiums top the prior year by 32.6 percent, or 239 units, with 972 condominiums sold through July.

**PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD
JANUARY - JULY 1998 COMPARED TO 1997 ANNUAL**

	Existing Sales	New Sales
Single Family	3.3	0.7
Townhouse	1.0	6.9
Condominium	-0.7	-7.2

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

**NUMBER OF NEW HOMES SOLD
JANUARY - JULY**



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

Sales volume of new townhomes through July up modestly, while the sales volume of new single family homes and condominiums continue to trail last year...

The sales volumes of both new condominiums and single family homes continue to lag behind last year, obliterating the moderate increase con-

tributed by new townhome sales for the new homes sales category. The 214 new condominium sales trail last year by 50.9 percent, or 222 units. Sales of new single family homes are down a much more modest 7.3 percent, or 60 homes, to 759 homes relative to 1997. By contrast, sales of new townhomes are up a moderate 5.3 percent, or 39 units to 777 homes.

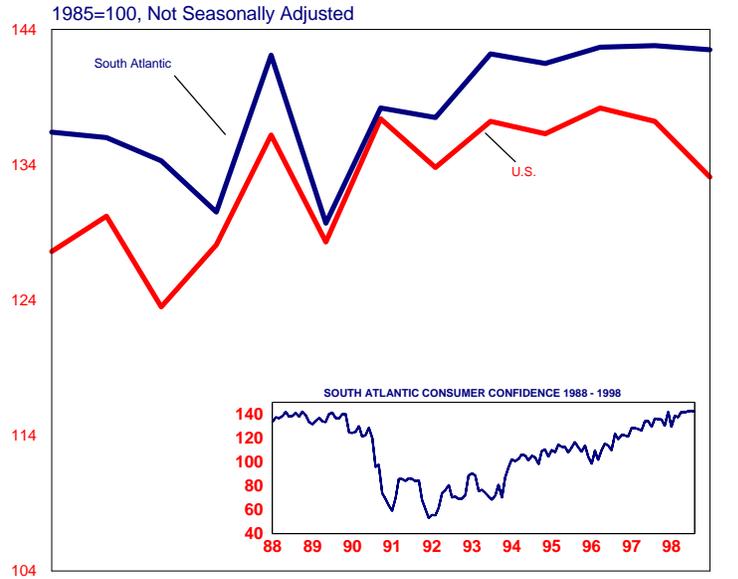
Sales of new homes up in three of four national regions to date...

Slowing sales of new homes nationwide caused the year-to-date lead to narrow to 9.8 percent in July, according to the Commerce Department.

New home sales through July are up 18.4 percent in the Midwest, 9.7 percent in the West, and 9.1 percent in the South. By contrast, sales in the Northeast are flat, reflecting the slower sales experienced in that region.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDICES



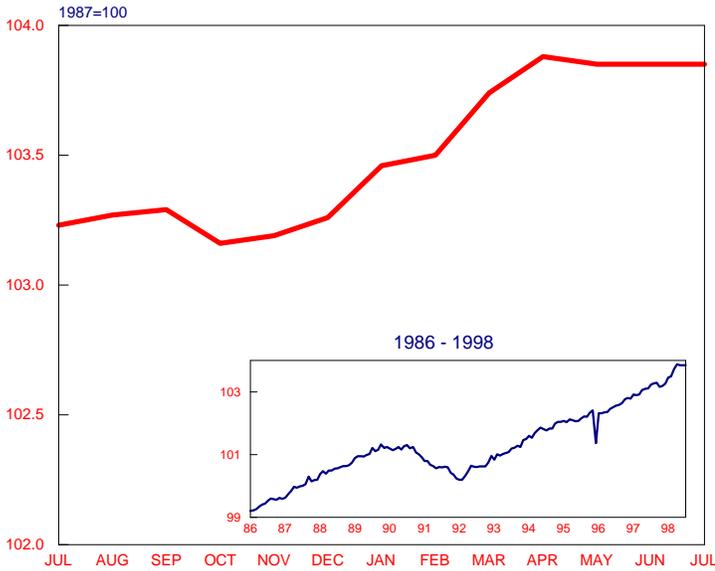
Source: Conference Board
Compiled by the Fairfax County Dept. of Management and Budget

South Atlantic Consumer Confidence Index declines slightly in August...

The Conference Board's South Atlantic Consumer Confidence Index posted a slight decline in August, losing 0.2 points and dropping to 142.6, as reported by the Conference Board. Despite this slight dip, the Index has reflected notable growth in the past 12 months as reflected in the above chart. The national Consumer Confidence Index also declined for the second consecutive month in August, dropping 4.1 points to 133.1.

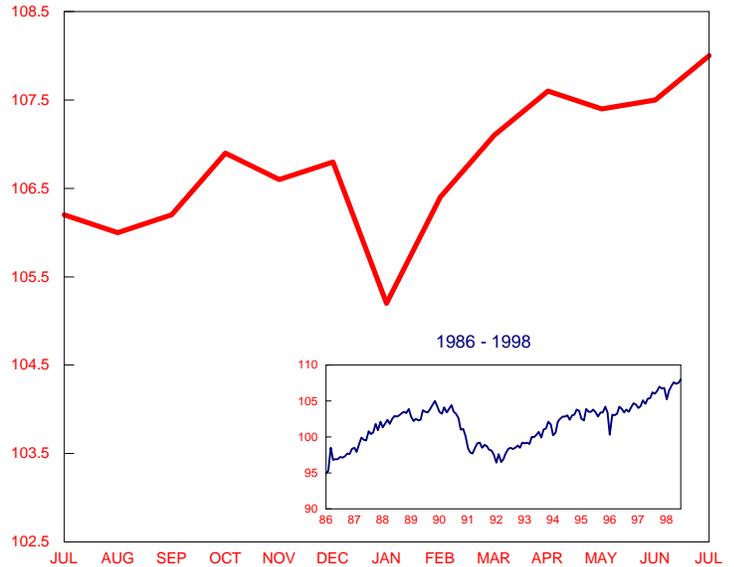
The following section includes a discussion of economic indices for three different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices 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. Note that the Commonwealth Indices were not available at the time of publication.

FAIRFAX COUNTY COINCIDENT INDEX



Sources: Center for Regional Analysis, George Mason University
Fairfax County Dept. of Management and Budget

METROPOLITAN COINCIDENT INDEX



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

The Fairfax County Coincident Index has remained essentially flat for three months, indicating more moderate economic growth...

The Fairfax County Coincident Index, which represents the current state of the County's economy, increased a modest 0.01 percent from its June level, to 103.85 in July. The Index has remained relatively constant in the past three months after increasing for five consecutive months. The relatively flat performance of the Index indicates a more moderate local economy. Three of the Index's four components made positive contributions in July. Total employment increased, and has been up for nine of the past ten months; retail sales tax receipts increased for a second month; and consumer confidence increased for the sixth month. By contrast, transient occupancy tax collections declined for the second consecutive month in July.

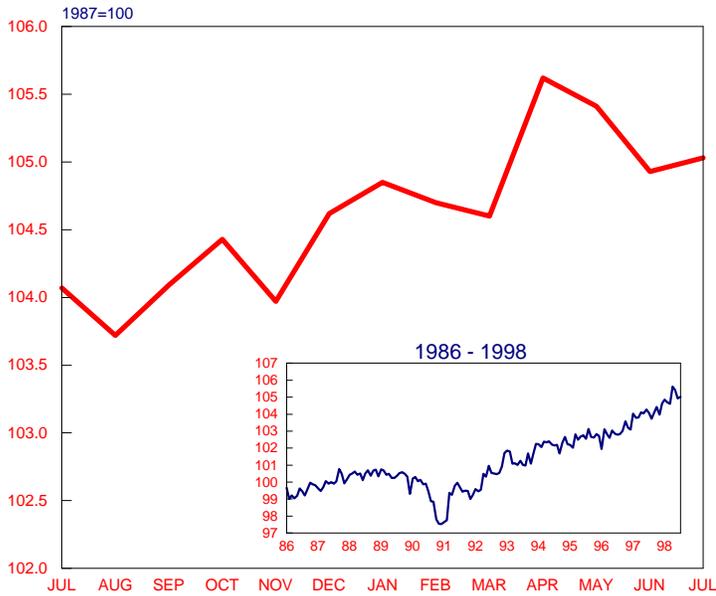


The Metropolitan Coincident Index advanced 0.5 points in July...

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, advanced 0.5 points in July, increasing to 108.0. The Index is now 1.8 points above its July 1997 level. Relatively modest gains were posted in three of the four categories, including Ronald Reagan National Airport domestic passenger volume, consumer confidence, and non-durable goods sales. Total wage and salary employment declined slightly, however, for this period.

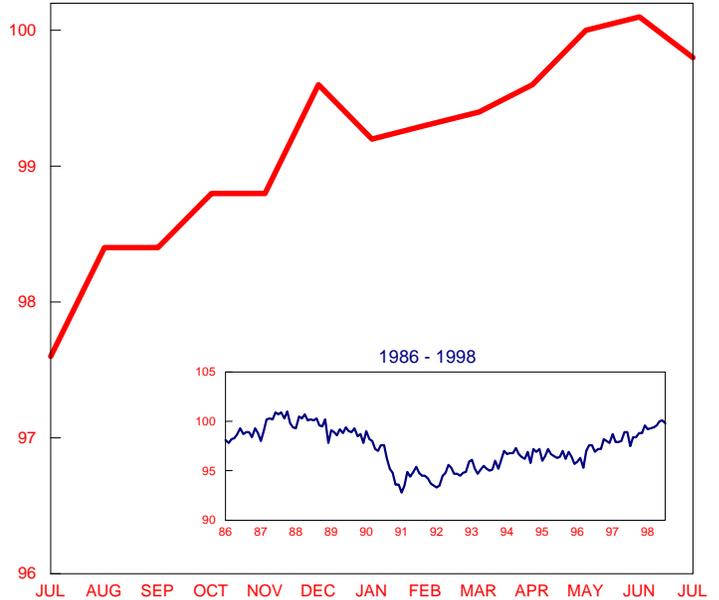


FAIRFAX COUNTY LEADING INDEX



Sources: Center for Regional Analysis, George Mason University
Fairfax County Dept. of Management and Budget

METROPOLITAN LEADING INDEX



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

The Fairfax County Leading Index's volatility points to moderation in economic growth...

The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in the future, increased 0.09 percent to 105.03, after having declined in four of the previous five months. The Index's volatile performance points to a moderation in economic growth in the coming months. In July, two of the Index's five components made positive contributions. New automobile registrations and issues of residential building permits both gained, while initial claims for unemployment insurance increased (worsened) for the second month, consumer expectations fell for a second month, and the mean value of residential building permits declined for the third consecutive month.



The Metropolitan Leading Index declined moderately in July...

In July, the Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 9 to 12 months in advance, dropped a 0.3 percent to 99.8 points. Despite this modest decline, the Index leads the prior year for July by 2.2 points. Of the Index's five components, total building permits and durable goods sales made positive contributions, while the help wanted index remained flat. In contrast, the initial unemployment insurance claims increased (worsened) along with a decline in consumer expectations.



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