



# DEPARTMENT OF MANAGEMENT AND BUDGET

## FAIRFAX COUNTY ECONOMIC INDICATORS ©

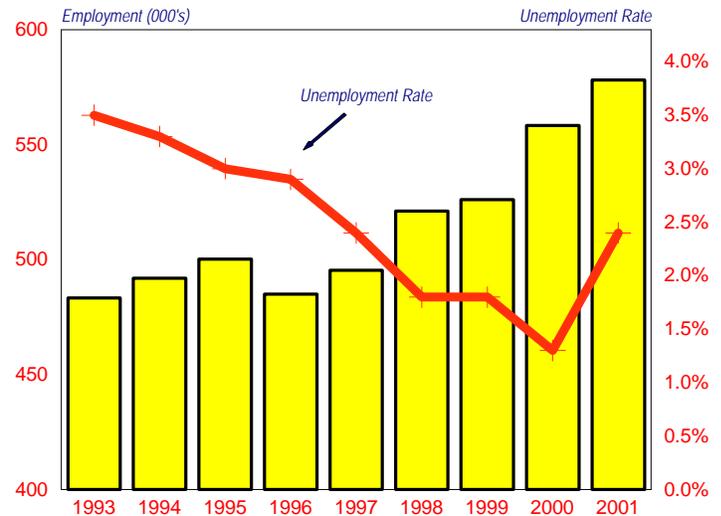
Publication 111

NOVEMBER 2001

### NOVEMBER HIGHLIGHTS

- The September unemployment rate in Fairfax County rose 0.3 points to 2.4 percent.
- November Sales Tax receipts for Fairfax County were 13.1 percent lower than November 2000, and fiscal year-to-date growth is down 7.4 percent.
- Overall growth in new residential permits in October fell 7.8 percent year-to-date. Multifamily permits were down 9.6 percent and single family permits were down 6.7 percent.
- According to homes sales data through September, sales volume was up for existing homes and down for new homes. Median sales prices showed moderate to strong growth for both categories.
- Consumer Confidence declined for the fifth consecutive month in November as economic conditions continue to decline. Rising unemployment and continued layoffs are contributing to the decrease in consumer confidence.
- In September, both the Fairfax County Coincident and Leading Indices were down. The Leading Index signals weaker economic conditions in the upcoming months. However, according to Stephen Fuller, federal contracting and other spending to combat terrorism will have a positive impact on the County's economy in 2002.
- Both the Metropolitan Washington Coincident and Leading Indices decreased in September. With eight of the nine Coincident and Leading indicators negative, it is clear that the events of September 11 have had a serious negative impact on the Washington area economy.

### RESIDENTIAL EMPLOYMENT - SEPTEMBER



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

According to the Virginia Employment Commission (VEC), the September unemployment rate in Fairfax County rose to 2.4 percent—a 0.3 point increase over August. The September 2001 rate was 0.8 points higher than the September 2000 rate of 1.3 percent.

Statewide, the unemployment rate increased in September by 0.2 points to 3.3 percent. September's unemployment rise was mainly seasonal with reductions in communications, trucking, construction and air travel. Students also began to seek after-school work after returning to fall classes. Losses in recreation and resort employment after Labor Day were offset by public and private school reopenings. The losses from the events of September 11 were not reflected in this month's data.



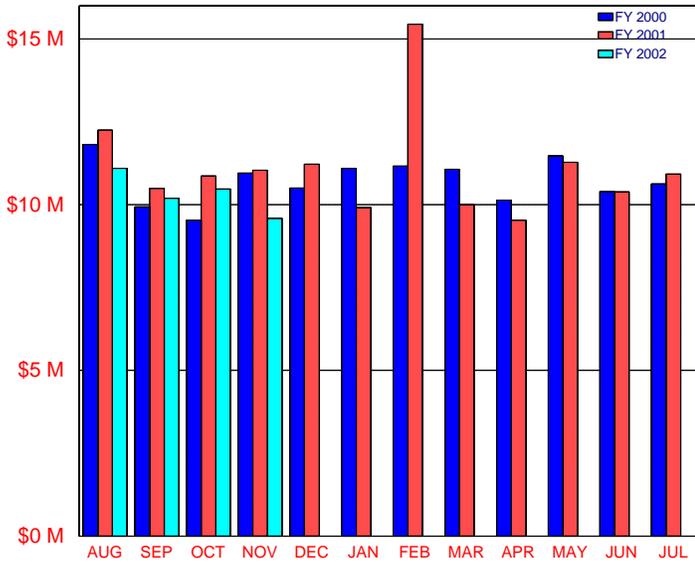
The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

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



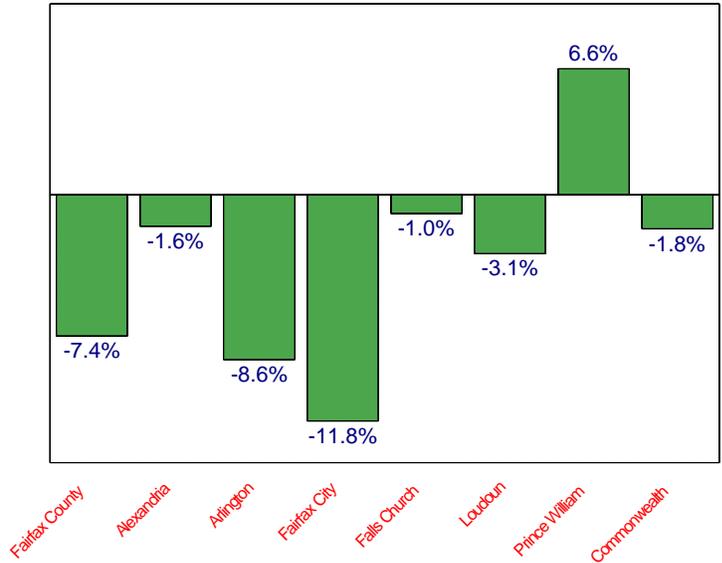
**SALES TAX REVENUES**

(revenues represent retail sales two months prior)



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

**FY 2002 SALES TAX RECEIPTS THROUGH OCTOBER**



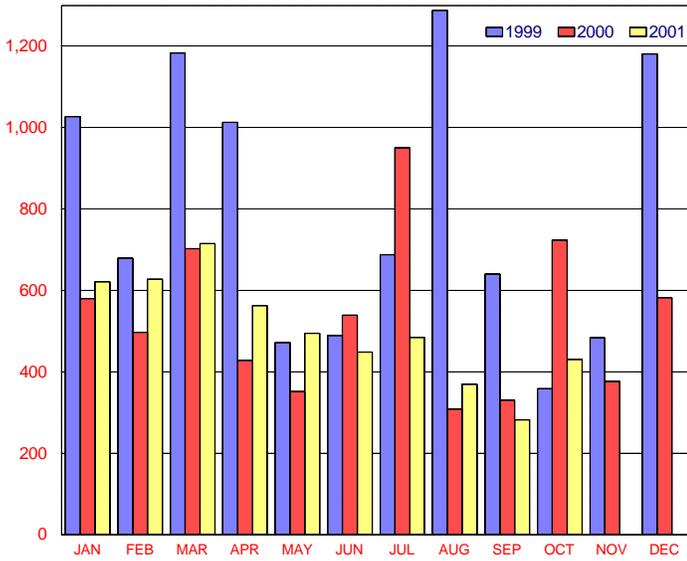
Source: Virginia Department of Taxation  
Compiled by the Fairfax County Dept. of Management and Budget

November Sales Tax receipts for Fairfax County, representing retail purchases made in September, were \$9.6 million—13.1 percent lower than November 2000. Sales Tax receipts have now been down in 8 out of the last 9 months. Fiscal year-to-date, Sales Tax receipts were 7.4 percent lower than the same period last year.

According to the Commerce Department, seasonally adjusted preliminary retail sales estimates for the U.S. in October increased 7.1 percent from last month, and were up 7.5 percent from October 2000. The dramatic growth since last month is primarily due to increased motor vehicle and parts sales, which were up 26.4 percent as a result of interest rate cuts that have allowed zero percent financing. Fairfax County does not collect a local sales tax on car sales, so sales tax receipts are not reflective of this increase. Compared to last year, health and personal care store sales were up 1.7 percent, building materials and garden equipment sales were up 2.8 percent and gasoline station sales were down 6.4 percent.

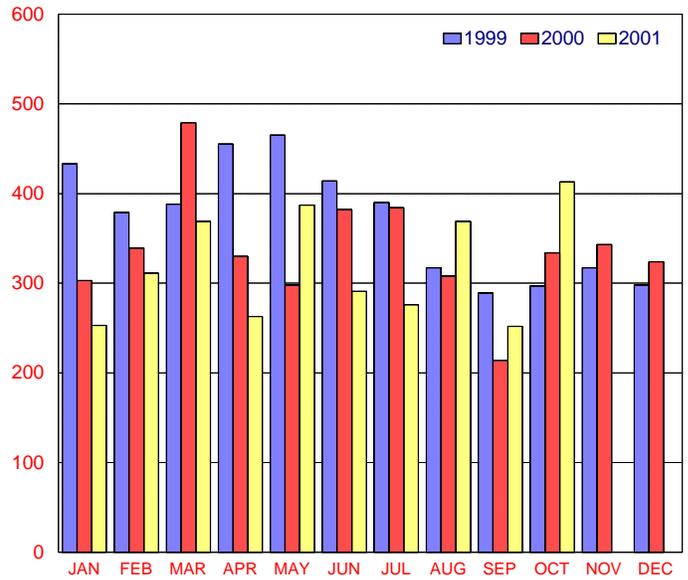
Sales Tax receipt growth from August through November has varied among the Northern Virginia localities. These receipts represent the first four months of FY 2002 and correspond to retail purchases from June through September. Through November, Fairfax City receipts are down 11.8 percent, while receipts in Arlington County and Fairfax County have declined 8.6 percent and 7.4 percent, respectively. Sales Tax receipts in Alexandria were down 1.6 percent year-to-date. Other Northern Virginia jurisdictions, which experienced growth last month, are also negative through November—Loudoun County is down 3.1 percent and Falls Church is down 1.0 percent. Prince William County is the only area experiencing positive growth to date at 6.6 percent. During this same period, Sales Tax receipts Statewide are down 1.8 percent.

**NUMBER OF RESIDENTIAL BUILDING PERMITS  
NEW DWELLINGS**



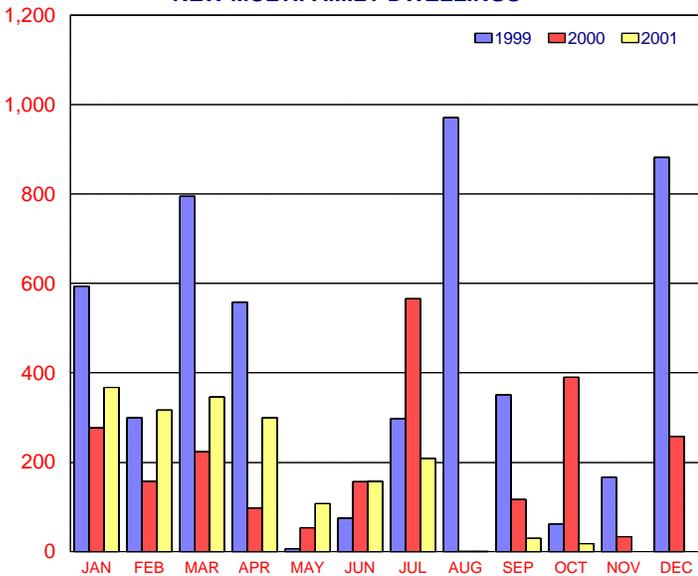
Source: Department of Public Works and Environmental Services  
Compiled by the Fairfax County Dept. of Management and Budget

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



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

**NUMBER OF RESIDENTIAL BUILDING PERMITS  
NEW MULTIFAMILY DWELLINGS**



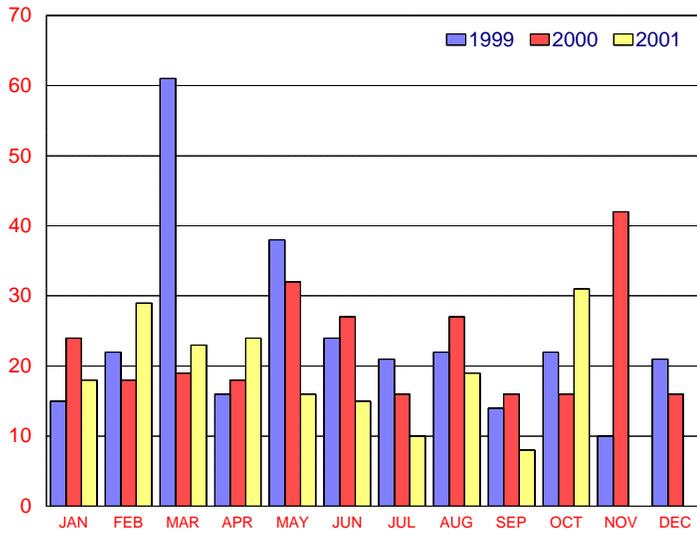
Source: Department of Public Works and Environmental Services  
Compiled by the Fairfax County Dept. of Management and Budget

Note: In both August 2000 and August 2001, only one multifamily permit was issued; therefore, bars are too small to discern.

Through October, overall growth decelerated in new residential permit categories, year-to-date. In total, new residential dwelling permits were down 7.8 percent, or 420 permits. Multifamily permits were down 9.6 percent or 195 permits year-to-date, while single family permits were down 6.7 percent, or 225 permits, over the same period.

Residential repair and alteration permits were also down year-to-date. Through October, issues of residential repair and alteration permits decreased sharply by 40.9 percent, or 6,525 permits, from the same period last year.

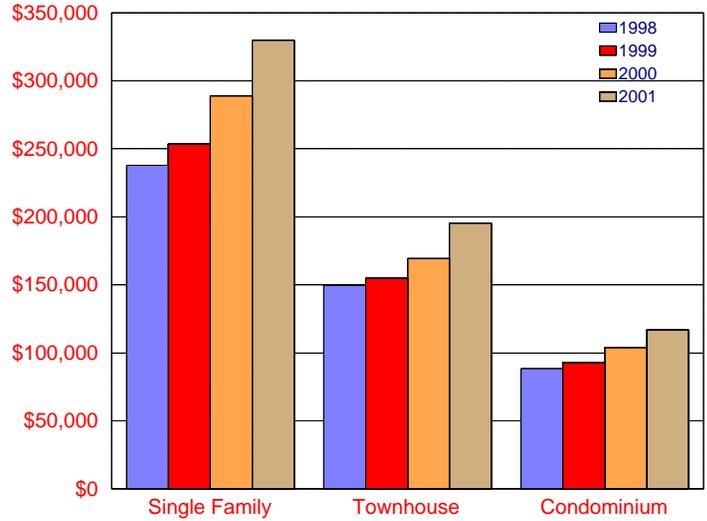
**NUMBER OF NONRESIDENTIAL BUILDING PERMITS  
NEW STRUCTURES**



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

**HOME SALES IN FAIRFAX COUNTY**

**MEDIAN PRICE OF EXISTING HOMES SOLD  
SEPTEMBER 2001 COMPARED TO  
ANNUAL MEDIAN PRICES 1998 - 2000**

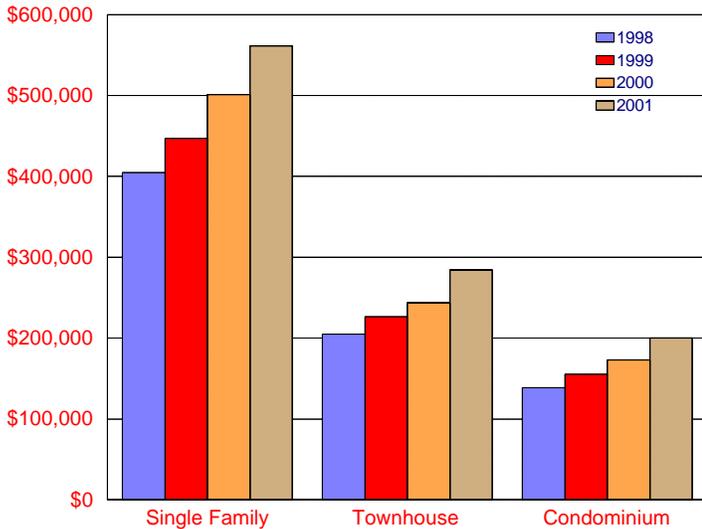


Source: Department of Tax Administration  
Compiled by the Fairfax County Dept. of Management and Budget

Nonresidential building permits issued through October were down 9.4 percent, or 20 permits, from the same period in 2000. Nonresidential repair and alterations permits were down 18.7 percent, or 740 permits, year-to-date.

According to revised home sales data through the end of September 2001, existing homes in Fairfax County continued to experience strong growth in median sales prices. For existing single family homes, the median was \$330,000 compared to the 2000 median of \$289,000—growth of 14.2 percent. The median sales price for townhomes grew 15.3 percent from \$169,500 in 2000 to \$195,500 through September 2001. The median for condominiums increased from \$103,945 to \$117,000 representing growth of 12.6 percent.

**MEDIAN PRICE OF NEW HOMES SOLD  
SEPTEMBER 2001 COMPARED TO  
ANNUAL MEDIAN PRICES 1998 - 2000**

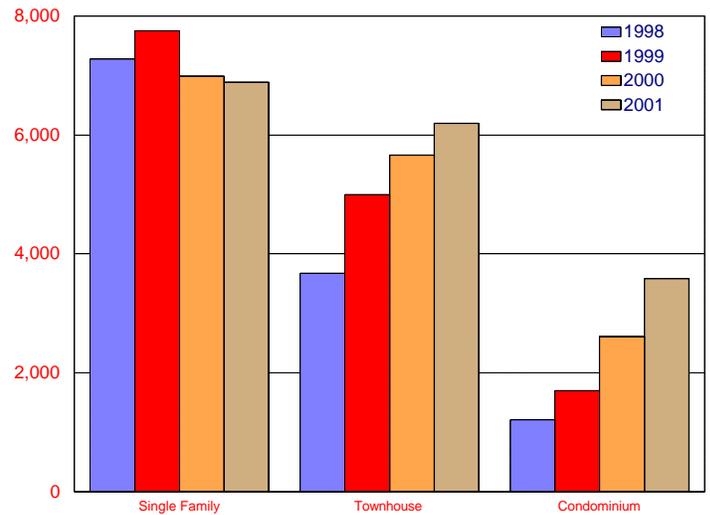


Source: Department of Tax Administration  
Compiled by the Fairfax County Dept. of Management and Budget

Changes in selling prices, coupled with the volume of sales, are generally considered reasonable indicators of the County's real estate market. Median selling price increases do not translate directly into assessment adjustments, however, since the mix of homes sold is not necessarily reflective of the County's entire housing stock. Changes in median selling prices are comparisons to the prices of homes sold during the prior year, and the type of homes sold (i.e., model, size, age, location, etc.) varies from one year to the next. The key factor in real estate assessments is not the change in the median sale price, but the relationship of assessments to selling prices within neighborhoods.

Growth in median sales prices for new homes remains strong according to sales data through September 2001. The median sales price for a new single family home was \$561,433, an increase of 12.0 percent, or \$60,013, over the 2000 median. New townhomes have increased 16.5 percent, from \$244,067 to \$284,345, while the median for condominiums grew from \$173,226 to \$200,100, or 15.5 percent, over the same period.

**NUMBER OF EXISTING HOMES SOLD  
SEPTEMBER 1998-2001**



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

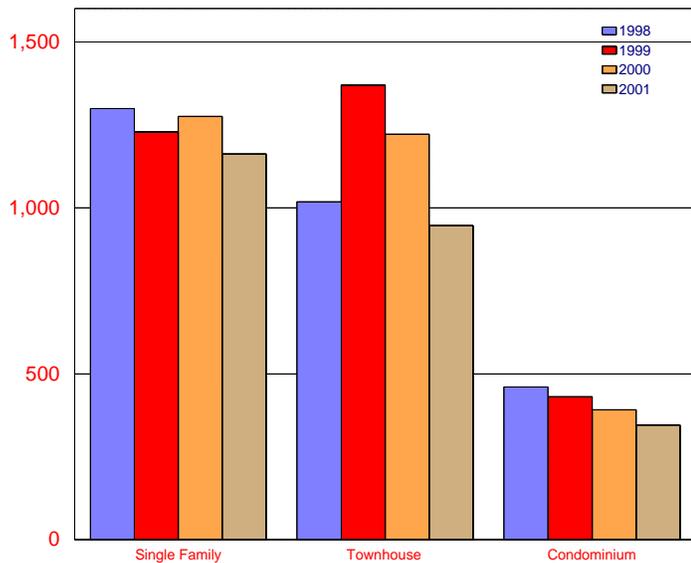
Existing home sales volume was down slightly for single family homes, up moderately for townhomes and up sharply for condominiums according to sales data through September 2001. Single family home sales decreased by 105 units, or 1.5 percent, from 6,990 to 6,885. Townhome sales increased 9.4 percent from 5,662 to 6,194 while condominium sales were up 37.34 percent from 2,611 to 3,586 year-to-date.

**PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD  
YEAR-END 2000 COMPARED TO 2001 THROUGH SEPTEMBER**

	Existing Sales	New Sales
Single Family	14.2	12.0
Townhouse	15.3	16.5
Condominium	12.6	15.5

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

**NUMBER OF NEW HOMES SOLD  
SEPTEMBER 1998-2001**

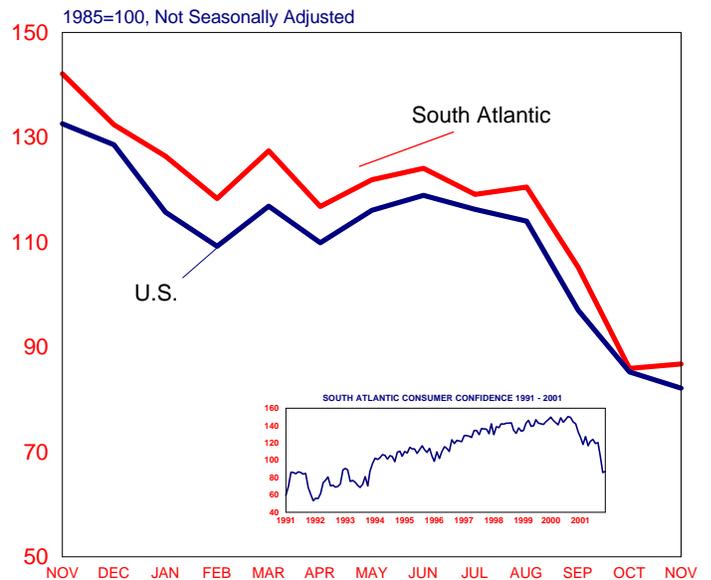


Source: Department of Tax Administration  
Compiled by the Fairfax County Dept. of Management and Budget

New home sales volume was down across all housing categories according to sales data through September 2001. New condominium sales fell from 391 in 2000 to 345 in 2001—a decline of 11.8 percent. New townhome sales decreased 22.6 percent, from 1,222 to 946, while single family home sales fell 8.9 percent, from 1,275 to 1,162 year-to-date.

**ADDITIONAL INDICATORS**

**CONSUMER CONFIDENCE INDEX**



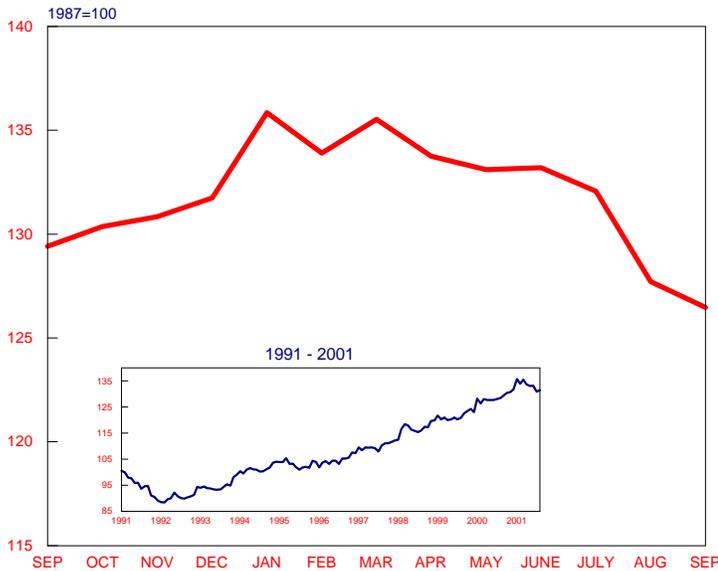
Source: Conference Board  
Compiled by the Fairfax County Dept. of Management and Budget

The Conference Board reported that the Consumer Confidence Index declined further in November after plummeting in October to its lowest level in seven years. The Index now stands at 82.2, down 3.1 points from October. This was the Index's fifth consecutive monthly decline. The Consumer Confidence Index figures heavily in consumer spending patterns. Because consumer spending accounts for two-thirds of the nation's economic output, many economists believe that a big drop in consumer spending could extend the economic downturn. The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. The Present Situation Index measures consumers' confidence in current business and employment conditions, while the Expectations Index measures consumers' confidence in business, employment, and family income prospects six months hence. The two indices are averaged to form the composite Consumer Confidence Index.

The Present Situation Index fell from 107.2 in October to 93.5 in November indicating that consumers' assessments of current conditions are much less positive than in October. According to Lynn Franco, Director of the Conference Board's Consumer Research Center, due to rising unemployment, a rebound in confidence is not expected anytime soon. The Expectations Index, however, increased from 70.7 to 74.6, as consumers' outlook for the next six months was more optimistic than last month. The South Atlantic Consumer Confidence Index increased slightly in November to 86.8 after decreasing significantly in October.

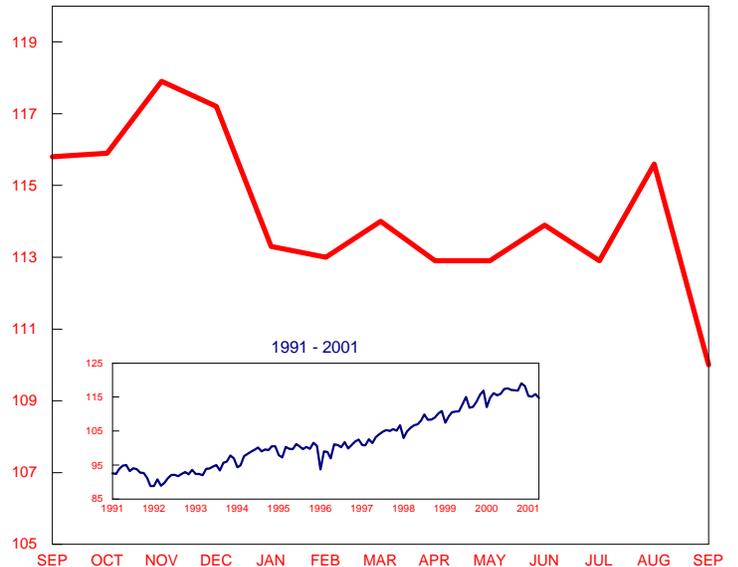
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices 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: Center for Regional Analysis, George Mason University  
Compiled by the Fairfax County Dept. of Management and Budget

**METROPOLITAN COINCIDENT INDEX**

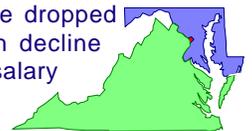


Source: Center for Regional Analysis, George Mason University  
Compiled by the Fairfax County Dept. of Management and Budget

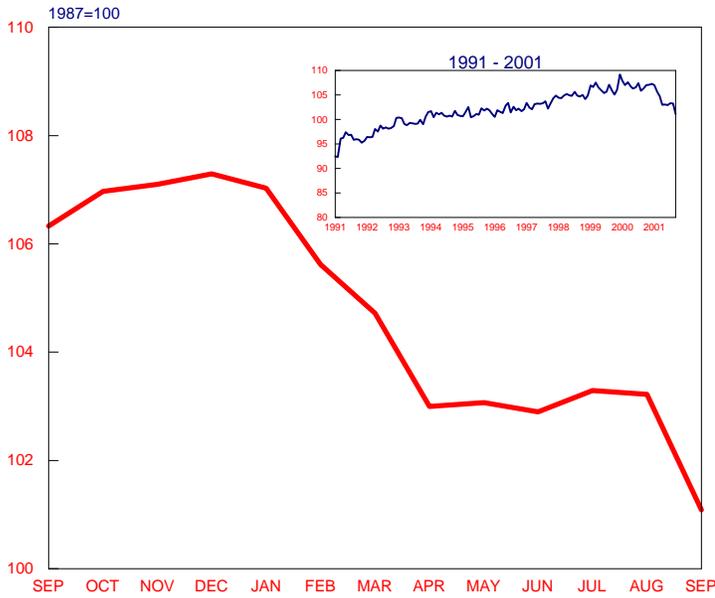
The Fairfax County Coincident Index, which represents the current state of the County's economy, declined to 126.5 in September—a 1.0 percent decrease from August. The Index has been negative for six consecutive months, which reflects this year's slowing trend. The economy, however, has been further stymied by the events of September 11. Two of the index's four components were negative in September. Sales tax collections, adjusted for inflation and seasonal variation, decreased sharply after increasing in July and August and consumer confidence was down for the ninth time in ten months. Total employment increased in September despite a slower growth rate in the third quarter and transient occupancy tax collections, adjusted for inflation and seasonal variation, increased for the first time in eight months.



The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, declined to 110.0 in September—a 5.0 percent decrease from August. This was the largest one-month decline since January 1991. The Index has decreased for six consecutive months and for seven of the past eight months. In September, three of the Index's four components were negative. Domestic passenger volume at Dulles and Reagan Airports fell due to the closing of the national air traffic system and subsequent decreased airline service following the events of September 11. Nondurable goods retail sales declined sharply and have been down three of the last four months. Consumer confidence dropped sharply, suffering its largest one-month decline since the early 1990s. Total wage and salary employment increased following decreases in the previous two months.

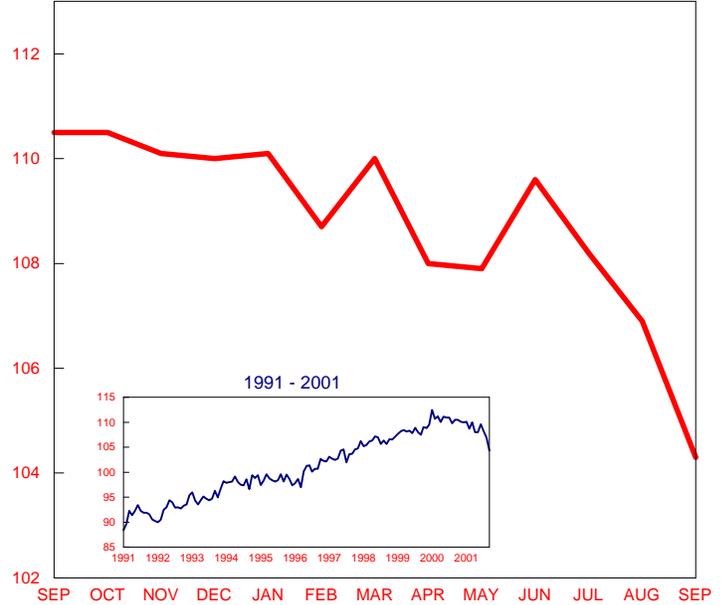


**FAIRFAX COUNTY LEADING INDEX**



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

**METROPOLITAN LEADING INDEX**



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

The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in advance, decreased to 101.1 in September—a 2.1 percent decrease from August. This is the largest ever one-month decline in September primarily due to the events of September 11. In September, all five of the Index's components contributed to its decline. The total value of residential building permits declined significantly, initial claims for unemployment insurance increased (worsened) for the second month in a row, and residential building permits declined for the seventh time in eight months. New automobile registrations decreased sharply and consumer expectations fell sharply following gains in August.



The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 9 to 12 months in advance, decreased to 104.3 in September for a loss of 2.4 percent. Although the events of September 11 have contributed to the decline in the Index, it has also been negative nine times in the past twelve months. In September, all five of the Index's components contributed to its decline. Total residential building permits were down in September after a slight increase in August. Initial claims for unemployment insurance increased (worsened) for the third consecutive month. Durable goods retail sales decreased slightly and the Help Wanted Index dropped for the eighth consecutive month. Consumer expectations (consumer confidence six months hence) decreased considerably from August.



*Inquiries should be directed to:*

**The Department of Management and Budget  
12000 Government Center Parkway, Suite 561  
Fairfax, Virginia 22035-0074  
(703) 324-2391 or 1-800-828-1120 (TDD)**

Staff: Susan Datta, Director; Marcia Wilds, Sarah Young, analysts; and Frann Shurnitski, technical support.

Printed on recycled paper.

