



DEPARTMENT OF MANAGEMENT AND BUDGET

FAIRFAX COUNTY ECONOMIC INDICATORS ©

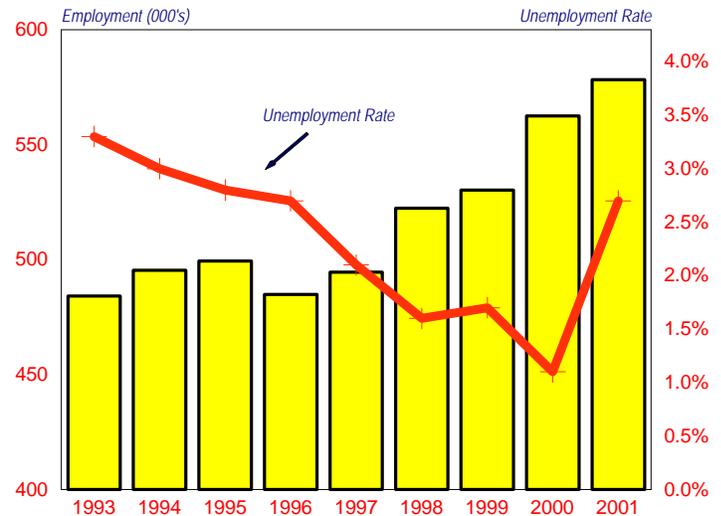
Publication 112

DECEMBER 2001

DECEMBER HIGHLIGHTS

- ❑ The October unemployment rate in Fairfax County rose 0.3 points to 2.7 percent.
- ❑ December Sales Tax receipts for Fairfax County were 6.4 percent lower than December 2000. Fiscal year-to-date growth is down 7.2 percent.
- ❑ Overall growth in new residential permits in November has fallen 1.4 percent year-to-date. Multifamily permits are up 11 percent and single family permits are down 8.2 percent.
- ❑ According to homes sales data through October, sales volume is up for existing homes and down for new homes. Median sales prices show moderate to strong growth for both categories.
- ❑ After declining dramatically over the past three months, Consumer Confidence rebounded in December. Consumer optimism has risen due to stabilizing employment conditions and signals that the economy may rebound by the middle of next year.
- ❑ In October, both the Fairfax County Coincident and Leading Indices registered slight gains. The gains follow significant decreases in both indices over the past ten months.
- ❑ The Metropolitan Washington Coincident Index declined and the Leading Index increased slightly in October. The decline of the Coincident Index reflects the negative impact of the events of September 11 on the short-term performance of the Washington area economy.

RESIDENTIAL EMPLOYMENT - OCTOBER



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

According to the Virginia Employment Commission (VEC), the October unemployment rate in Fairfax County rose to 2.7 percent—a 0.3 point increase from September. The October 2001 rate was 1.6 points higher than the October 2000 rate of 1.1 percent.

Statewide, the unemployment rate increased in October by 0.2 points to 3.5 percent. Virginia's unemployment rate has not been this high since January 1998 when joblessness was at 3.5 percent. The increase in unemployment was centered in Northern Virginia where many lost jobs at Reagan National Airport and other tourism-related venues after the events of September 11. Northern Virginia unemployment figures have more than doubled since October 2000. In other parts of the State, reductions in construction and summer recreation facility jobs contributed to the unemployment rate.



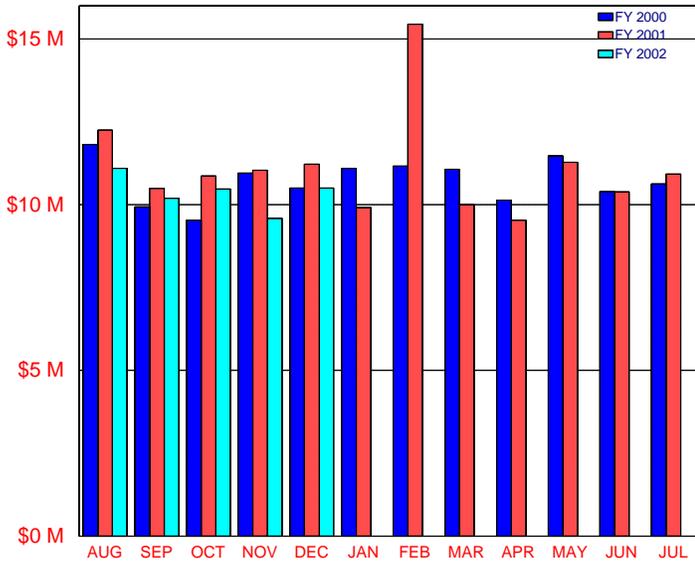
The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

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



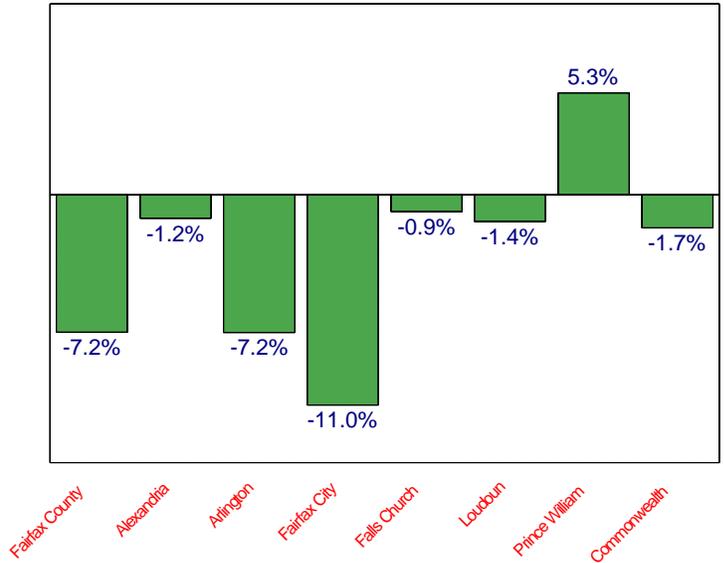
SALES TAX REVENUES

(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 NOVEMBER



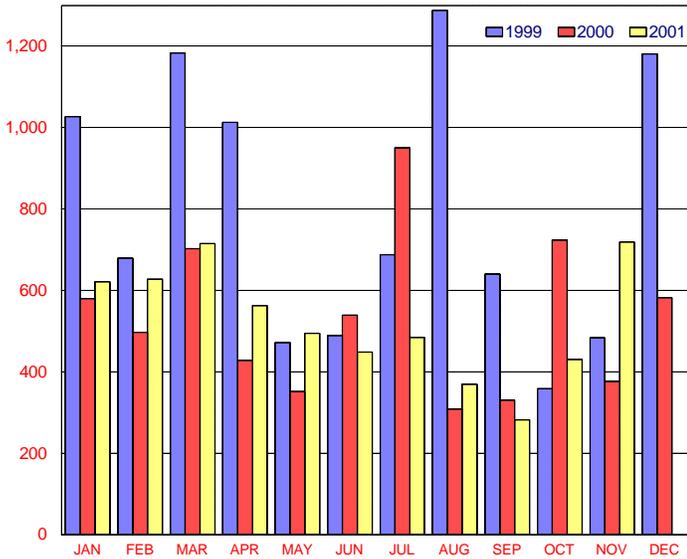
Source: Virginia Department of Taxation
Compiled by the Fairfax County Dept. of Management and Budget

December Sales Tax receipts for Fairfax County, representing retail purchases made in October, were \$10.5 million—6.4 percent lower than December 2000. Fiscal year-to-date, Sales Tax receipts are 7.2 percent lower than the same period last year. Despite increased motor vehicle and part sales over the past two months, Fairfax County tax receipts are not reflective of this increase because the County does not collect a local sales tax on car sales.

According to the Commerce Department, seasonally adjusted preliminary retail sales estimates for the U.S. in November decreased 3.7 percent from last month, but are up 3.5 percent from November 2000. Compared to last year, motor vehicle and parts dealers are up 11.2 percent, health and personal care store sales are up 8.5 percent, and building materials and garden equipment sales are up 6.1 percent, while gasoline station sales are down 14.7 percent.

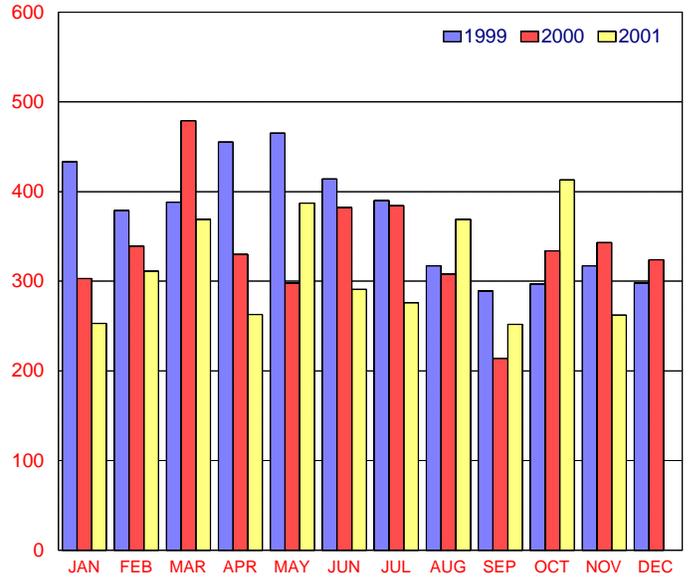
Sales Tax receipt growth from August through December has varied among the Northern Virginia localities. These receipts represent the first five months of FY 2002 and correspond to retail purchases from June through October. Through December, Fairfax City receipts are down 11.0 percent, and receipts in Arlington County and Fairfax County are down 7.2 percent. Sales Tax receipts in Alexandria are down 1.2 percent year-to-date. Other Northern Virginia jurisdictions, which experienced moderate growth two months ago, are negative through December—Loudoun County is down 1.4 percent and Falls Church is down 0.9 percent. Prince William County is the only area to experience positive growth to-date at 5.3 percent. During this same period, Statewide Sales Tax receipts are down 1.7 percent.

**NUMBER OF RESIDENTIAL BUILDING PERMITS
NEW DWELLINGS**



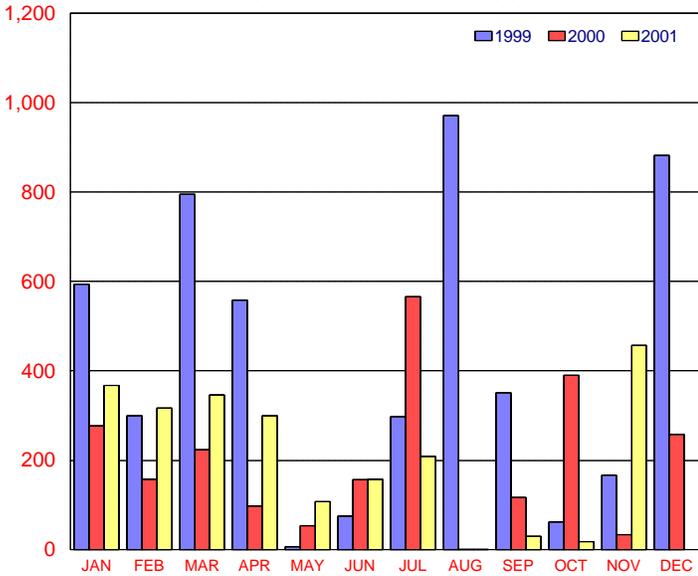
Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

**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**



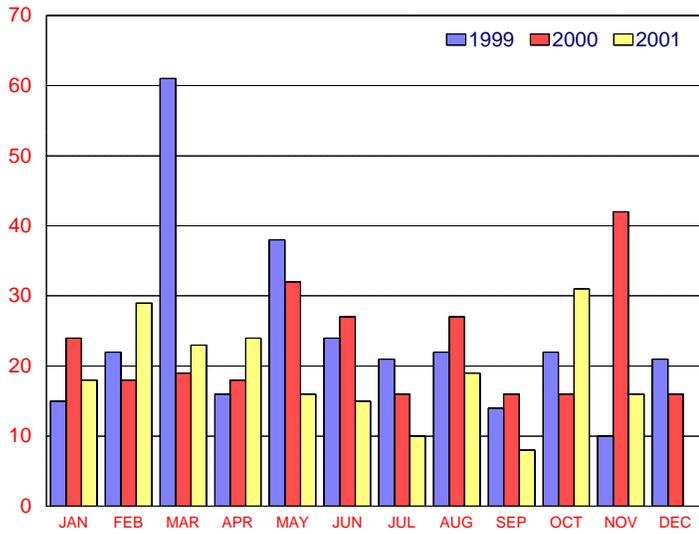
Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

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

Through November, overall growth rate of new residential permit categories has declined, year-to-date. In total, new residential dwelling permits are down 1.4 percent, or 78 permits. Multifamily permits are up 11.0 percent or 228 permits year-to-date, while single family permits are down 8.2 percent, or 306 permits, over the same period.

Residential repair and alteration permits are also down year-to-date. Through November, issues of residential repair and alteration permits have decreased sharply by 40.6 percent, or 6,953 permits, from the same period last year.

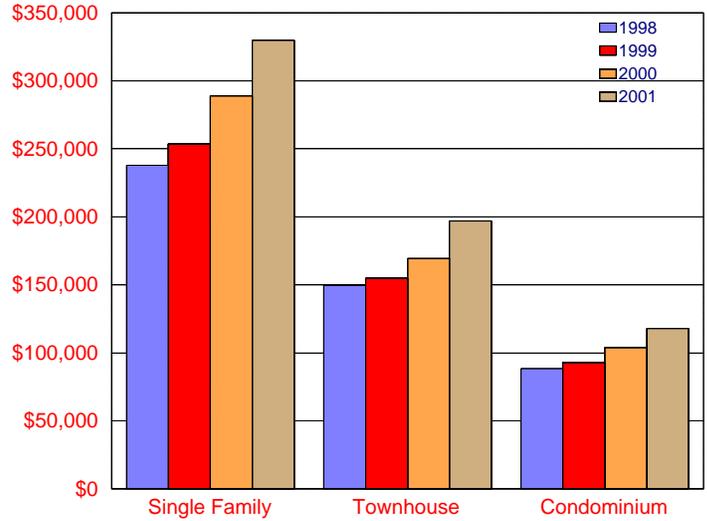
**NUMBER OF NONRESIDENTIAL BUILDING PERMITS
NEW STRUCTURES**



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
OCTOBER 2001 COMPARED TO
ANNUAL MEDIAN PRICES 1998 - 2000**

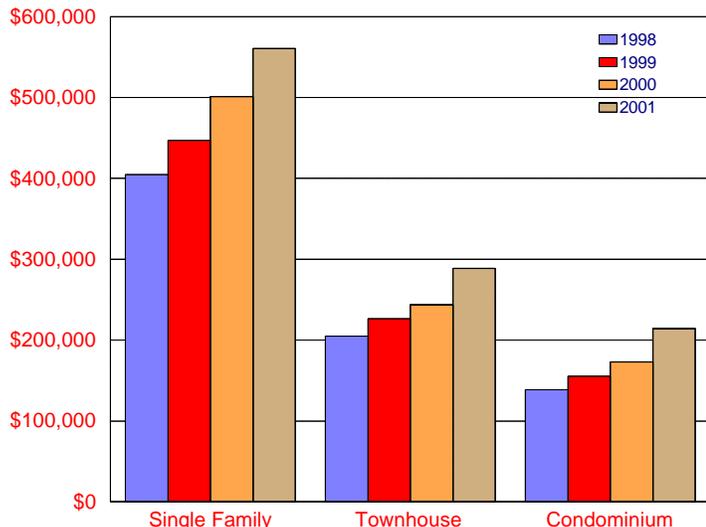


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Nonresidential building permits issued through November are down 18.0 percent, or 46 permits, from the same period in 2000. Nonresidential repair and alterations permits are down 19.3 percent, or 828 permits, year-to-date.

According to home sales data through the end of October 2001, existing homes in Fairfax County continue to experience strong growth in median sales prices. For existing single family homes, the median is \$330,000 compared to the 2000 median of \$289,000—growth of 14.2 percent. The median sales price for townhomes grew 16.2 percent from \$169,500 in 2000 to \$197,000 through October 2001. The median for condominiums increased from \$103,945 to \$118,000 representing growth of 13.5 percent.

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

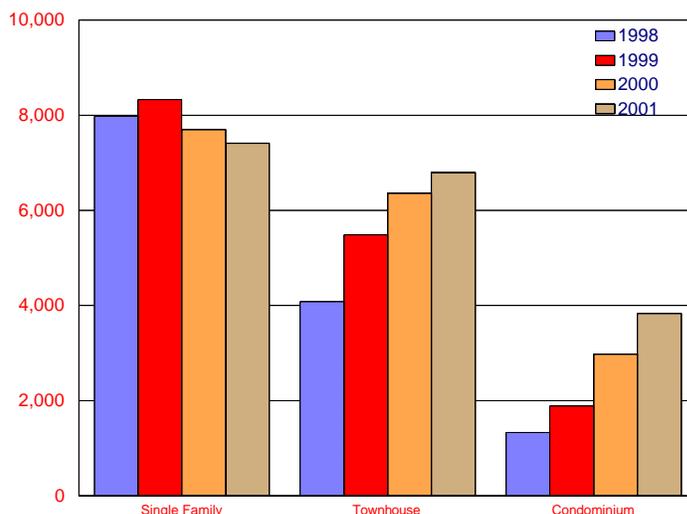


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Growth in median sales prices for new homes remains strong according to sales data through October 2001. The median sales price for a new single family home is \$560,615, an increase of 11.8 percent, or \$59,195, over the 2000 median. New townhomes have increased 18.3 percent, from \$244,067 to \$288,615, while the median for condominiums grew from \$173,226 to \$214,486, or 23.8 percent, over the same period.

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.

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



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

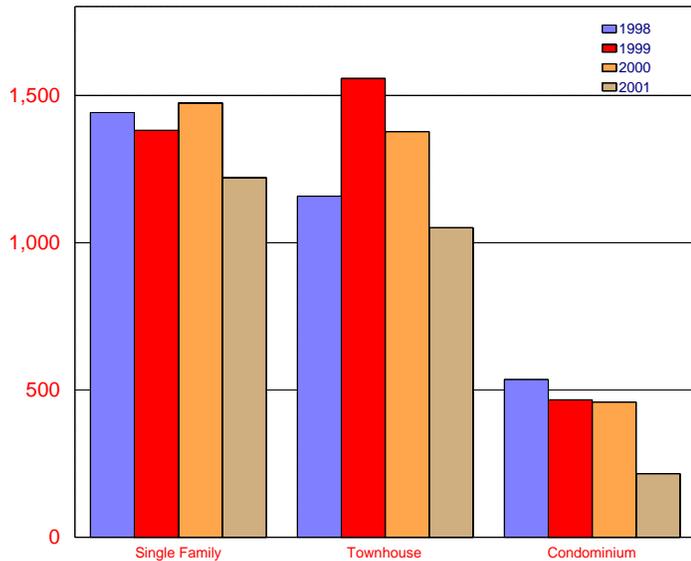
Existing home sales volume is down slightly for single family homes, up moderately for townhomes and up sharply for condominiums according to sales data through October 2001. Single family home sales have decreased by 287 units, or 3.7 percent, from 7,699 to 7,412. Townhome sales have increased 6.8 percent from 6,360 to 6,794 while condominium sales are up 28.7 percent from 2,975 to 3,830 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	11.8
Townhouse	16.2	18.3
Condominium	13.5	23.8

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

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

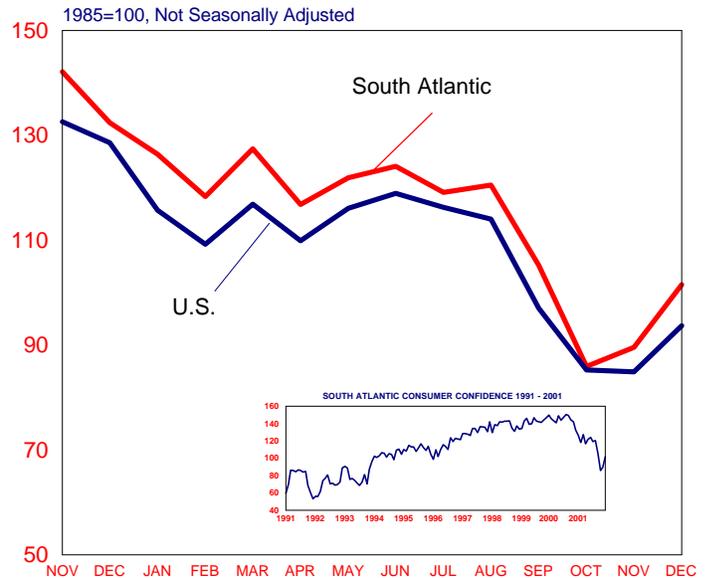


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

New home sales volume is down across all housing categories according to sales data through October 2001. New condominium sales have fallen from 459 in 2000 to 216 in 2001—a decline of 53.0 percent. New townhome sales have decreased 23.6 percent, from 1,376 to 1,051, while single family home sales are down 17.2 percent, from 1,474 to 1,220 year-to-date.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDEX



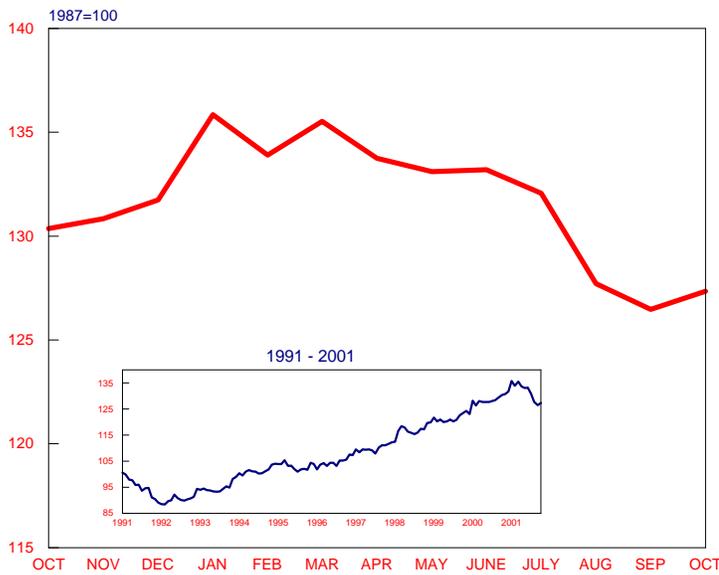
Source: Conference Board
Compiled by the Fairfax County Dept. of Management and Budget

The Conference Board reported that the Consumer Confidence Index increased in December after plummeting in October to its lowest level in seven years and declining even further in November. The Index now stands at 93.7, up 8.8 points from November. 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 increased slightly from 96.2 in November to 96.9 in December indicating that consumers' assessments of current economic conditions improved since November. According to Lynn Franco, Director of the Conference Board's Consumer Research Center, as a result of stabilizing unemployment figures and economic conditions, consumer optimism is no longer at recession levels. The Expectations Index increased sharply in December from 84.9 to 93.7, as consumers' outlook for the next six months is much more optimistic than last month. This suggests that an economic rebound may occur by the middle of next year. The South Atlantic Consumer Confidence Index also increased in December, rising to 101.5, a 13.3 percent increase from November.

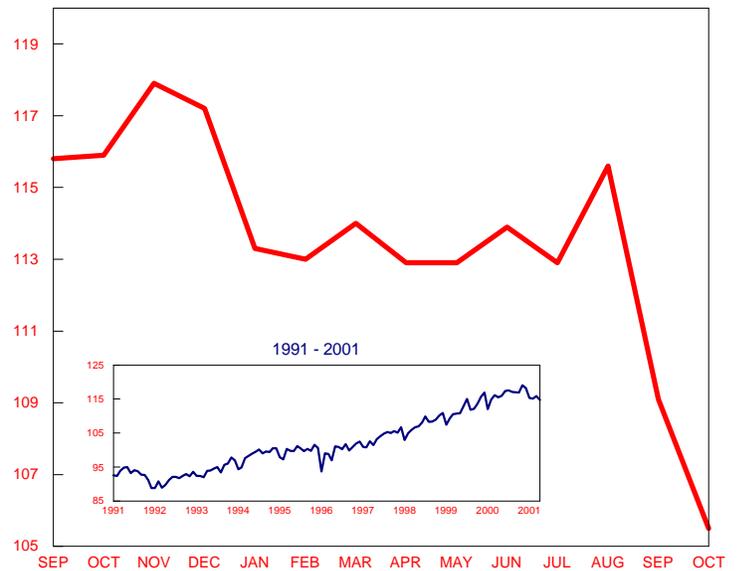
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices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

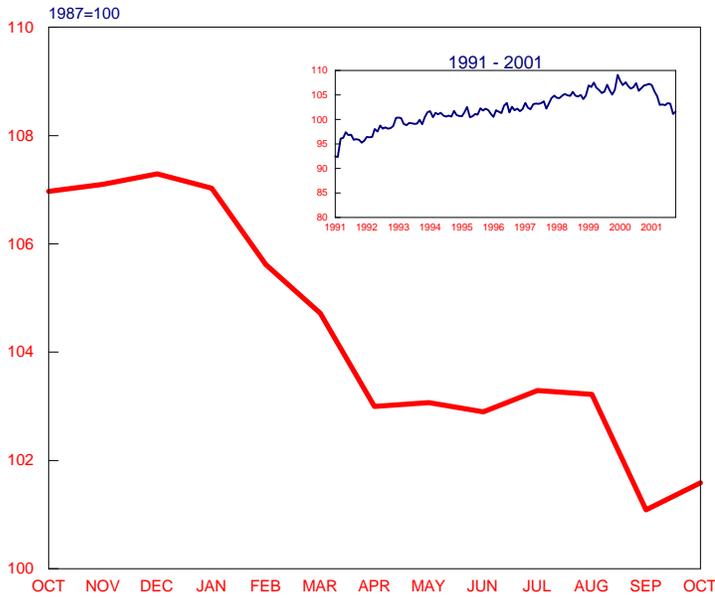
The Fairfax County Coincident Index, which represents the current state of the County's economy, increased to 127.3 in October—a 0.6 percent increase over September. This is the first increase in the Index in six months. Since January, the Index has declined 3.6 percent and tracked below its historic trend line. As noted in the October report, it is unknown if this month's slight gain can be considered a positive turning point. Fairfax County is still responding to the events of September 11, which have taken a toll on the economy. Three of the index's four components were positive in October. Sales tax collections, adjusted for inflation and seasonal variation, increased offsetting their decline in September, total employment increased in October, and transient occupancy tax collections, adjusted for inflation and seasonal variation, increased for the second consecutive month. Consumer confidence continued to decline in response to the events of September 11.



The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, declined to 105.5 in October—a 3.6 percent decrease from September. The Index decreased for the second month in a row and for six of the past ten months. In October, two 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. Consumer confidence dropped sharply, suffering its largest one-month decline since the Gulf War. Nondurable goods retail sales increased after falling sharply in the previous month and total wage and salary employment increased for the first time in three months.

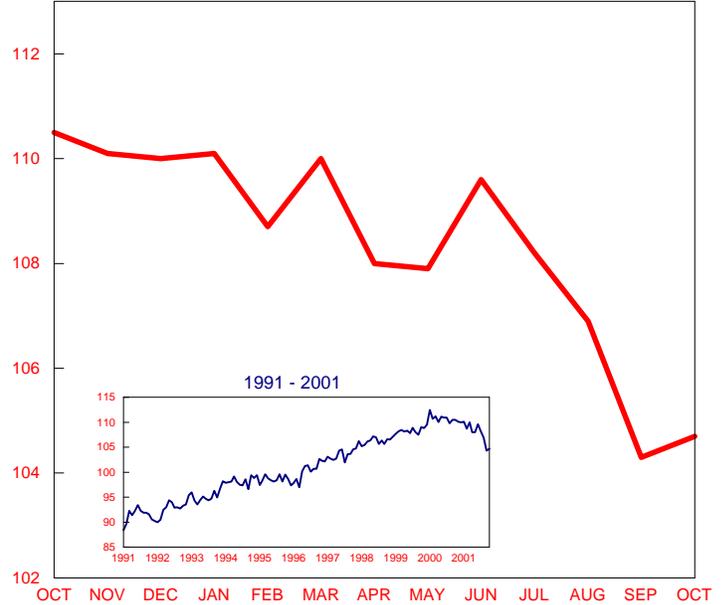


FAIRFAX COUNTY LEADING INDEX



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

METROPOLITAN LEADING INDEX

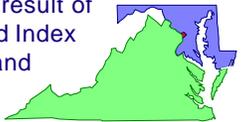


Source: Center Regional Analysis, George Mason University
Compiled by the Fairfax County Dept. of Management and Budget

The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in advance, increased to 101.6 in October—a 0.5 percent gain over September. The increase followed the largest ever one-month decline in September due to the events of September 11. In October, three of the Index's five components were positive. New automobile sales increased, residential building permits increased after being down for two months in a row and the total value of residential building permits increased after declining significantly in September. Initial claims for unemployment insurance increased (worsened) experiencing the largest one-month gain since the last recession and consumer expectations fell for the second consecutive month.



The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 9 to 12 months in advance, increased slightly in October to 104.7, or 0.4 percent. Despite the slight increase, the Leading Index has declined 4.8 percent and tracked below its historic trend line since January. In October, three of the Index's five components contributed to its gain. Total residential building permits increased after declining in September, initial claims for unemployment insurance decreased (improved) after three consecutive monthly decreases and durable goods retail sales had the largest increase of the year as a result of strong automobile sales. The Help Wanted Index dropped for the ninth consecutive month and consumer expectations (consumer confidence six months hence) decreased sharply for the second consecutive month.



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