



ECONOMIC INDICATORS ©

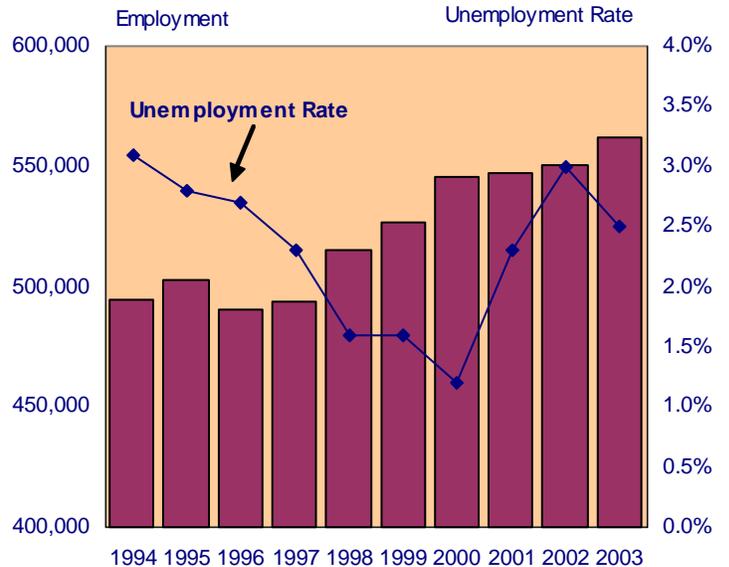
FAIRFAX COUNTY
DEPARTMENT OF MANAGEMENT AND BUDGET

JUNE 2003

In this issue . . .

- The unemployment rate in Fairfax County rose from 4 percent in April to 2.5 percent in May 2003.
- June Sales Tax receipts for Fairfax County are \$10.4 million—1.9 percent higher than the same period last year.
- New residential permits declined 37.9 percent, year-to-date. Only 1 multifamily permit was issued in May, falling short of last year's year-to-date total by 66.9 percent. Single family permits were down 11.7 percent.
- Sales volume in the first four months of calendar year 2003, fell significantly for all new home types. In contrast, existing townhome and condo sales volume experienced strong increases.
- Consumer Confidence was flat in June after moderately increasing in May. The recent turnaround in the stock market and easing national unemployment claims indicate that more favorable economic times are ahead.
- In April, both the Fairfax County and Metropolitan Washington Coincident Indices increased. Job growth and declining unemployment precede gains in consumer confidence which will boost are expected to consumer spending.
- The Fairfax County Leading Index increased in April. With real improvements in the economy – strong gains in the financial markets and a significant fiscal stimulant beginning in July – the economy should accelerate by year end.

RESIDENTIAL EMPLOYMENT - MAY



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

Unemployment in Fairfax County grew 0.1 percent from 2.4 percent in April to 2.5 percent in May 2003, lower than the County's May 2002 rate of 3.2 percent.

The Virginia Employment Commission (VEC) released its May 2003 labor figures for the Commonwealth, which showed an unemployment rate 3.9 percent, a 0.1 percent rise over the revised April 2003 level of 3.8 percent. The 3.9 percent May 2003 state jobless rate was below the May 2002 Virginia unemployment rate of 4.2 percent. Compared nationally, Virginia was well below the U.S. May 2003 unemployment rate of 5.8 percent, which was unchanged from last month.

The VEC reports that seven of Virginia's eight metropolitan areas increased unemployment in May 2003 due to college students entering the labor market. In fact, three quarters of the May jobless growth came from students coming out of colleges looking for work while the other quarter resulted from factory workers on inventory adjustment furloughs or textile and electronics plant layoffs. Northern Virginia experienced no change in its jobless level at 2.7 percent which was also the state's lowest metropolitan area rate in May. The Danville area, where the state's highest metropolitan unemployment rate increased from 8.9 percent to 10.0 percent in May, has been impacted by seasonal tobacco furloughs and textile layoffs.



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

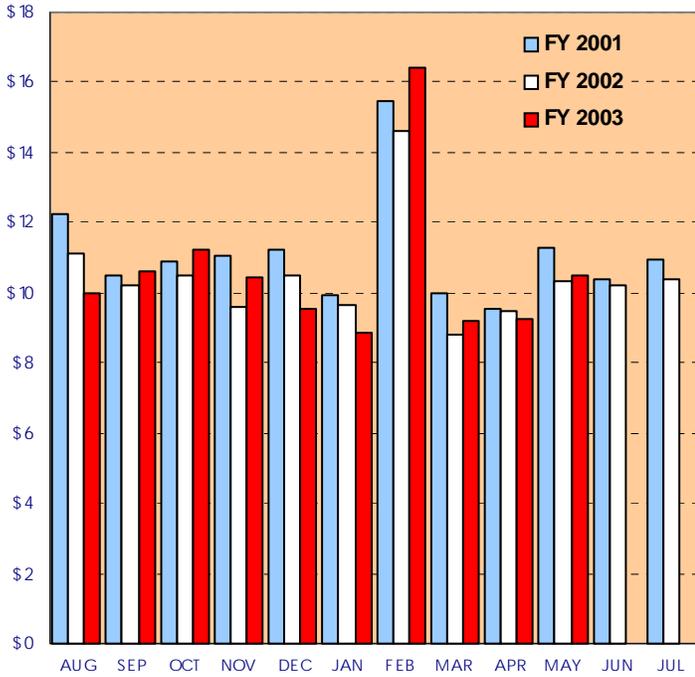
<http://www.fairfaxcounty.gov/comm/economic/economic.htm>



SALES TAX REVENUES

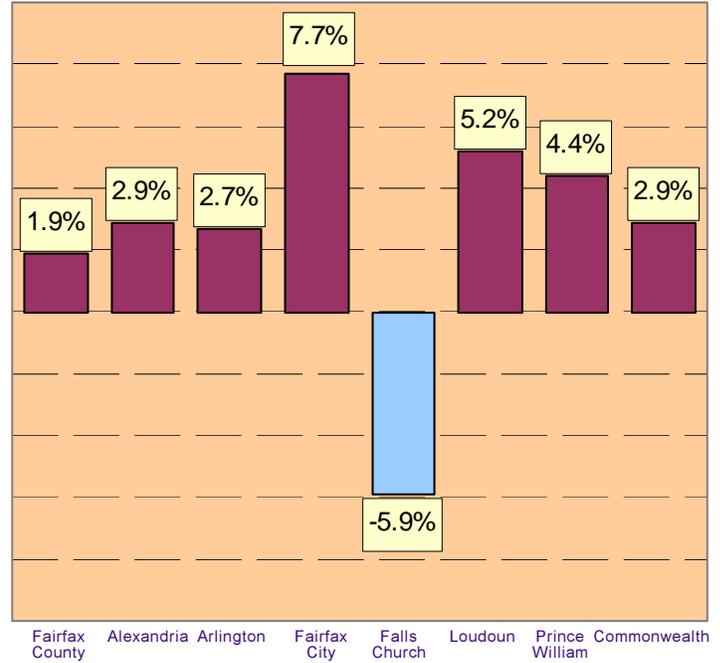
(revenues represent retail sales two months prior)

Millions



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

FY 2003 SALES TAX RECEIPTS THROUGH JUNE 2003



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

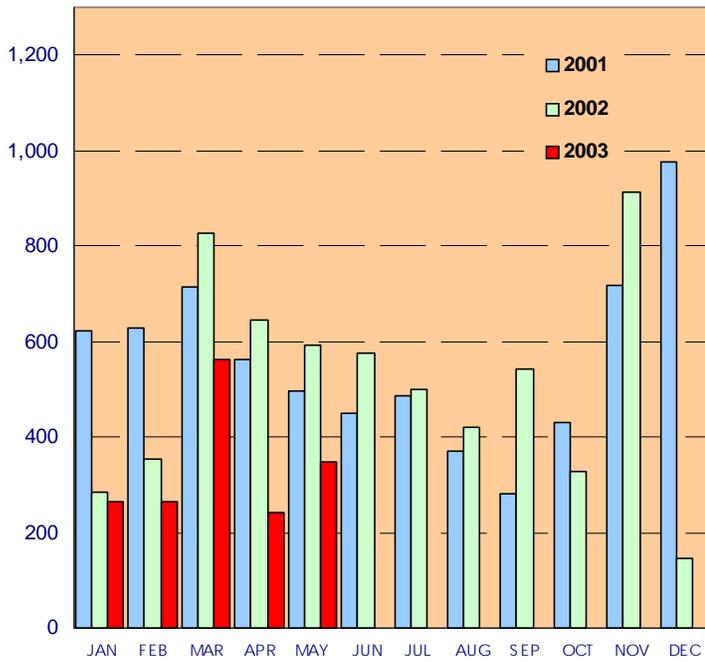
June Sales Tax receipts for Fairfax County, representing retail purchases made in April, are \$10.4 million—1.9 percent higher than June 2002. Fiscal year-to-date, Sales Tax receipts are 1.2 percent higher than the same period last year.



According to the Commerce Department, seasonally adjusted preliminary retail sales estimates for the U.S. in May increased 0.1 percent from the previous month but increased 5.1 percent from May 2002. Compared to last year, health and personal care store sales were up 5.0 percent, building materials and garden equipment sales were up 2.7 percent, gasoline station sales were up 4.7 percent, and motor vehicle and parts dealers were up 10.4 percent from May last year.

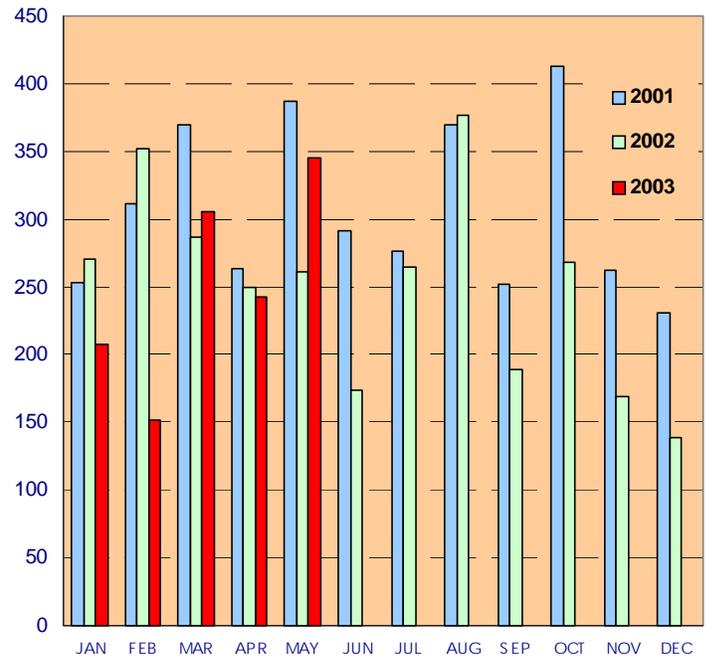
Sales Tax receipt growth through April is positive for all the Northern Virginia localities, except for Falls Church. Sales Tax receipts are up 7.7 percent in Fairfax City, 1.2 percent in Fairfax County, 2.9 percent in Alexandria, 5.2 percent in Loudoun County, 4.4 percent in Prince William County, and 2.7 percent in Arlington County, year-to-date. Sales Tax receipts in Falls Church have experienced a decline of 5.9 percent, year-to-date. During this same period, Statewide Sales Tax receipts are up 2.9 percent.

NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW DWELLINGS



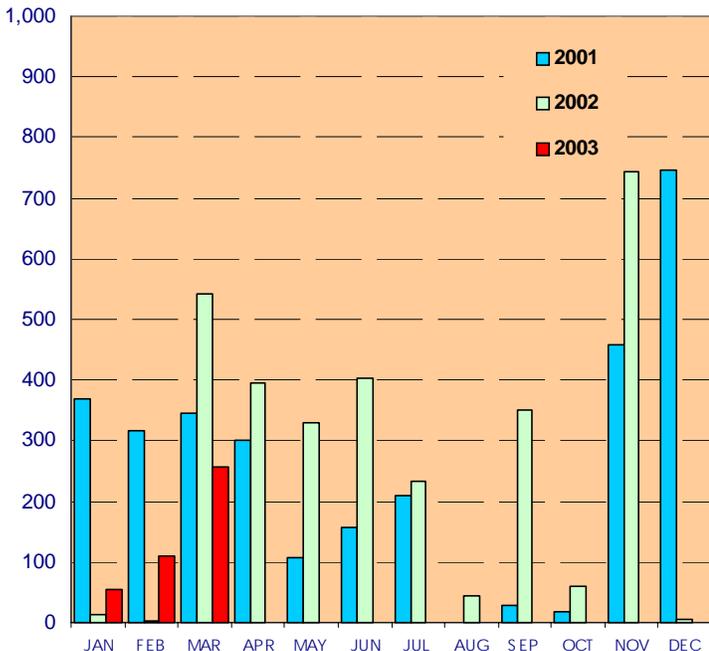
Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW SINGLE FAMILY DWELLINGS



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

NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW MULTIFAMILY DWELLINGS



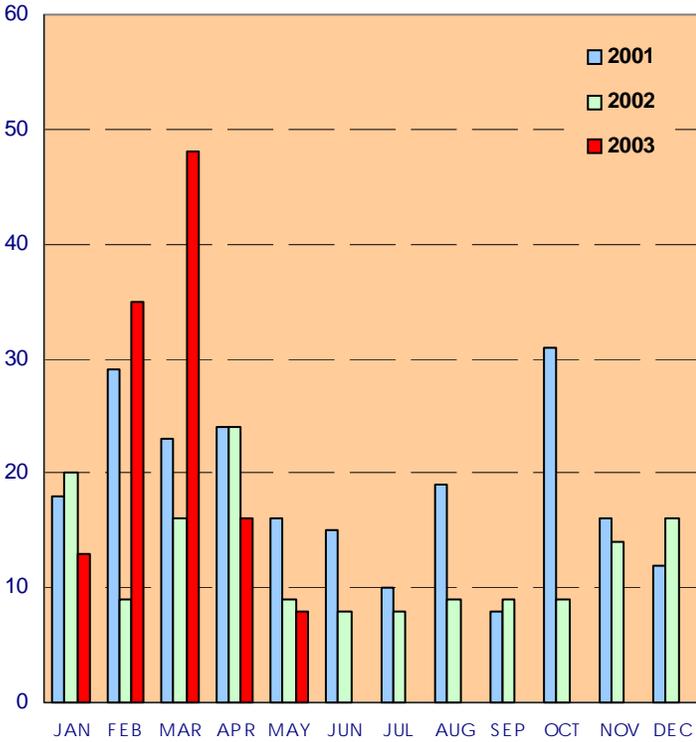
Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

The overall growth rate of new residential permit categories has decreased, year-to-date. Through May, new residential dwelling permits were down 37.9 percent, or 1,023 permits. In May, 1 multifamily permit was issued. Single family permits issued through May are 1,253, down 11.7 percent, or 166, over the same period of 2002.

Residential repair and alteration permits are also down, year-to-date. Through May, issues of residential repair and alteration permits have fallen by 9.7 percent, or 470 permits, from the same period last year.

NOTE: In August 2000 and 2001 and in April and May 2003, only one multifamily permit was issued; and in February 2002, only two permits were issued; in April 2003, no permits were issued; therefore, the bars are too small to discern.

**NUMBER OF NONRESIDENTIAL BUILDING PERMITS
ISSUED MONTHLY
FOR NEW STRUCTURES**



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

Through May, 120 nonresidential building permits have been issued, up 53.9 percent, or 42 permits, from the same period in 2002. Nonresidential repair and alterations permits are 1,357, down 7.9 percent, or 117 permits, calendar year-to-date.

HOME SALES IN FAIRFAX COUNTY

**MEDIAN PRICE OF EXISTING HOMES SOLD
THROUGH APRIL 2003 COMPARED TO THE
ANNUAL MEDIAN 2000 - 2002**

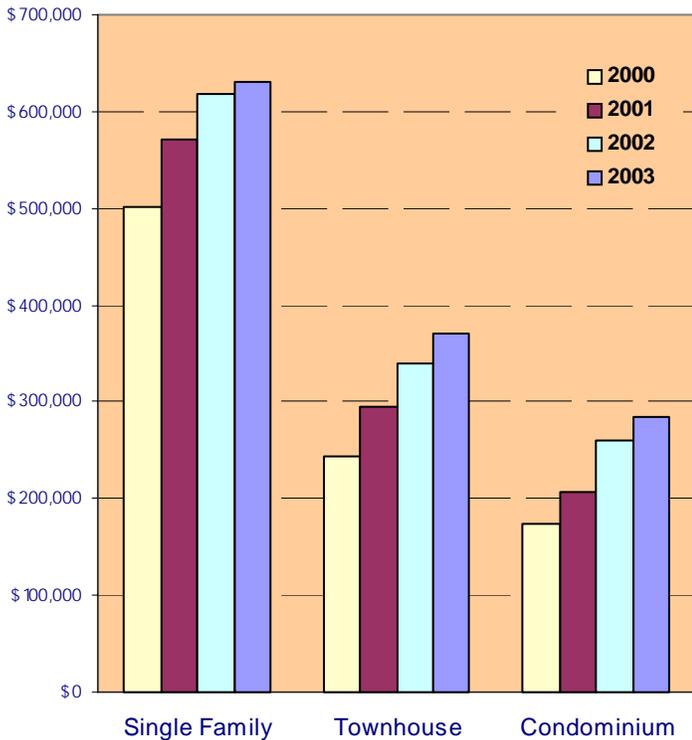


Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget.

According to home sales data through April 2003, all existing home types in Fairfax County experienced growth in median sales prices, year-to-date. For existing single family homes, the median sales price of homes sold through April is \$389,900 compared to the 2002 median of \$376,000—an increase of 3.7 percent. The median sales price for existing has grow for townhomes 4.9 percent from \$238,265 in 2002 to \$253,500 and the median for existing condominiums has increased from \$145,000 to \$160,000 representing growth of 10.3 percent.



MEDIAN PRICE OF NEW HOMES SOLD THROUGH APRIL 2003 COMPARED TO THE ANNUAL MEDIAN 2000 - 2002



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

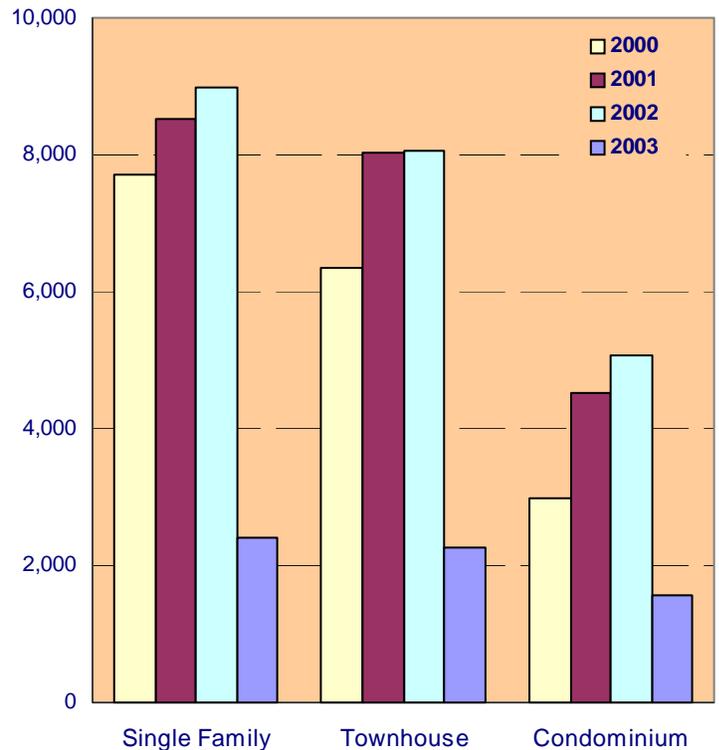
Homes sales data through April 2003 indicates the median sales price for a new single family home \$630,000, an increase of 1.9 percent over the 2002 median price of \$618,131. The sales price of new townhomes increased 9.3 percent, from \$338,875 in 2002 to \$370,206 through April. The median sales price for condominiums has increased 9.9 percent, from \$259,830 to \$285,500.

PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD YEAR-END 2002 COMPARED TO SALES THROUGH APRIL 2003

	Existing Sales	New Sales
Single Family	3.7	1.9
Townhouse	6.4	9.3
Condominium	10.3	9.9

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.

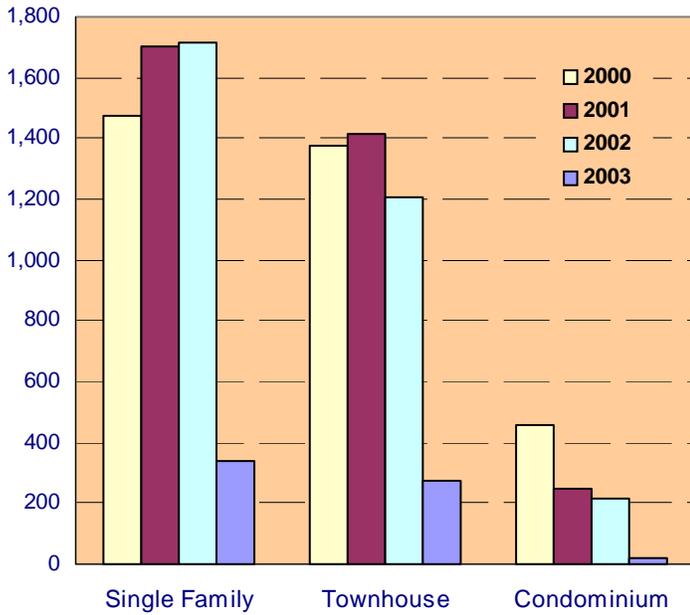
NUMBER OF EXISTING HOMES SOLD THROUGH APRIL 2000 - 2003



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

Existing home sales volume was up for all home types through April 2003. Sales of existing townhome have increased 6.8 percent from 2,125 to 2,269 and existing condominium sales are up 22.9 percent from 1,264 to 1,554. Existing single family homes sales have increased 0.9 percent, from 2,371 to 2,393, calendar year-to-date.

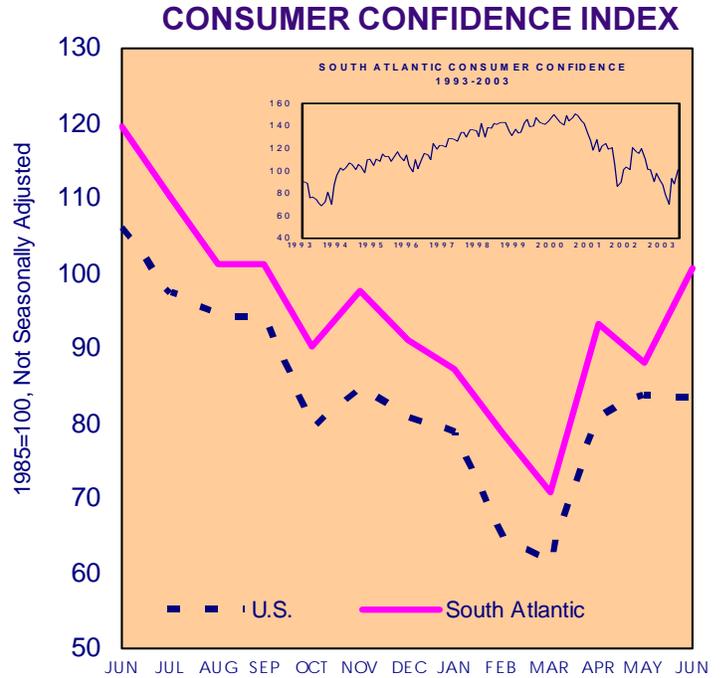
**NUMBER OF NEW HOMES SOLD THROUGH
APRIL 2000 - 2003**



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

Sales volume was down for all new home types through April 2003. New condominium sales fell 15.4 percent from 26 through April 2002 to 22 through April 2003. New townhome sales decreased 44.7 percent, from 499 to 276, while single family home sales fell 35.1 percent, from 527 to 342, year-to-date.

ADDITIONAL INDICATORS

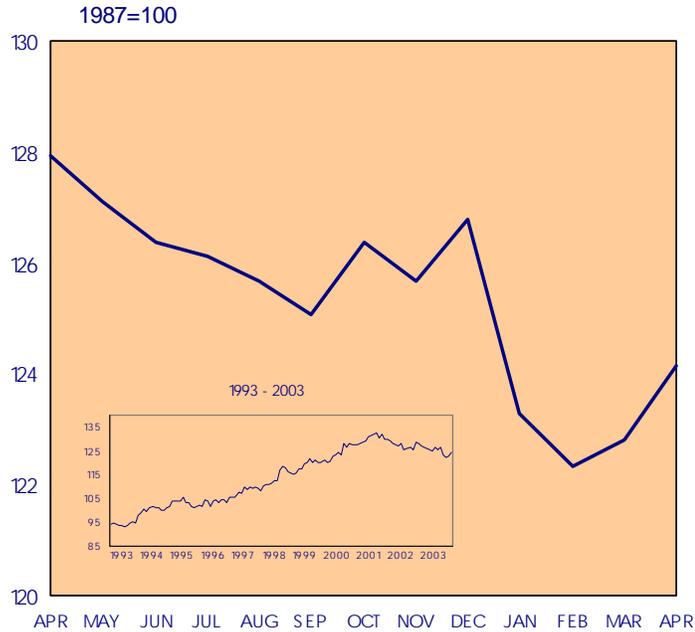


The Conference Board reports that the Consumer Confidence Index, which improved moderately in May, was flat in June 2003. The Index now stands at 83.5, compared to 83.6 in May. The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. The 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.

In June, the Present Situation Index decreased to 64.9 points, a 2.4 point fall from last month. According to Lynn Franco, Director of the Conference Board's Consumer Research Center, this month's decline in the Present Situation Index may signal that consumers' assessment of current conditions has lost ground since April. The Expectations Index improved 1.4 points to 95.9. Ms. Franco notes that, "The recent turnaround in the stock market and an easing in unemployment claims should keep consumer expectations at current levels and may signal more favorable economic times ahead."

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



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

METROPOLITAN COINCIDENT INDEX



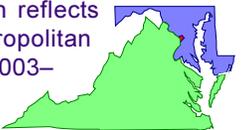
Source: Center for Regional Analysis, George Mason University.
Compiled by the Fairfax County Department of Management and Budget.



The Fairfax County Coincident Index, which represents the current state of the County's economy, increased to 124.1 in April—a 1.1 percent increase over March. This is the second consecutive gain following declines in the calendar year's first two months. The Index, however, is still 3.0 percent below its April 2002 level.

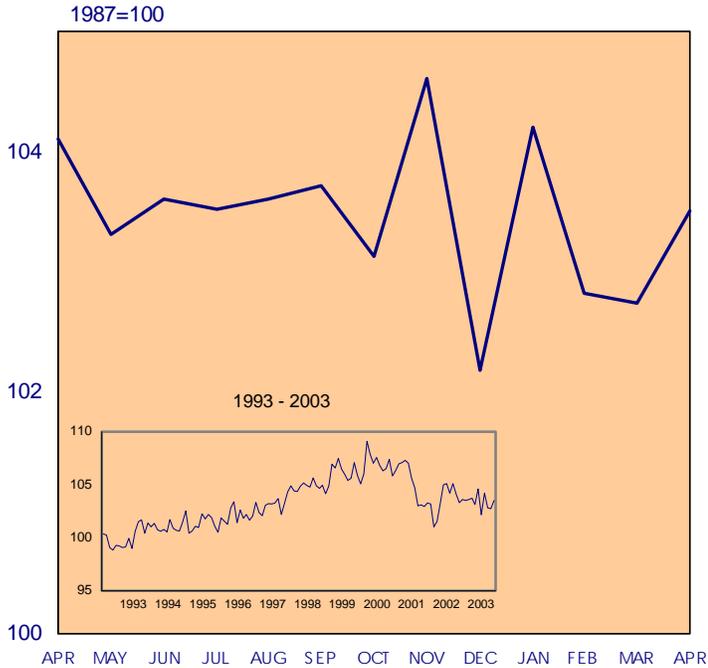
In April, two of the Index's four components contributed to its gain. Total employment increased in April for the third consecutive month and consumer confidence (in the present) rose sharply following five months of consecutive declines. Sales tax collections, adjusted for inflation and seasonal variation, fell for the third time in four months and transient occupancy tax collections, adjusted for inflation and seasonal variation, declined for a second month.

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, increased to 102.6 in April 2003—a 1.8 percent gain over March. April marks the first monthly gain in five months;



however, compared to April 2002, the Index is down 5.3 percent. In April, three of the Index's four components contributed to its increase. Wage and salary employment increased in April for a second consecutive month, consumer confidence (in the present) increased sharply following eight monthly declines over the previous nine months, and nondurable goods retail sales increased for the third time in four months. Domestic passenger volume at Reagan National and Dulles Airports decreased for the fourth time in five months.

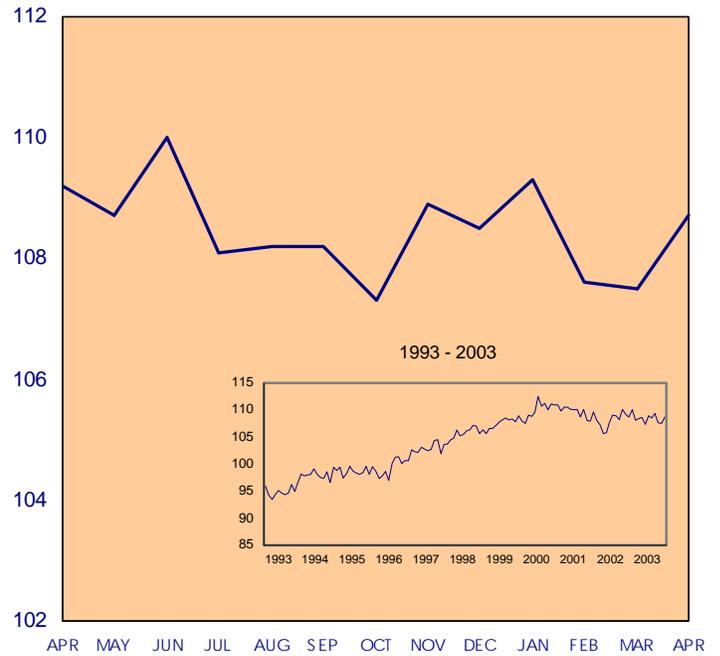
FAIRFAX COUNTY LEADING INDEX



Source: Center for Regional Analysis, George Mason University.
Compiled by the Fairfax County Department 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 103.5 in April—a 0.7 percent gain over March. This increase follows a moderate decline in March and a larger decrease in February. The Fairfax County Leading Index remains 0.6 percent below its April 2002 level. In April, increases in three of the Index's five components contributed to its gain. New automobile registrations increased sharply in April after falling in both February and March, consumer expectations (consumer confidence six months prior) were on a strong rebound after declining for four consecutive months and initial claims for unemployment insurance decreased (improved). Conversely, Stephen Fuller indicated that the rise in the Index along with improving financial markets and the fiscal stimulus of tax rebates may translate into economic growth beginning late 2003 and into 2004. Residential building permits fell for the second time in three months as did the total value of residential permits.

METROPOLITAN LEADING INDEX



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

The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 6 to 8 months in advance, increased to 108.7 in April for a 1.1 percent gain over its April 2002 level.  While the Leading Index was down three of the past four months, the declines have been marginal. In April, two of the Index's five components contributed to its gain. Consumer expectations increased sharply after four consecutive monthly declines and durable goods retail sales increased for the third time in four months. Also, the Help Wanted Index was unchanged from March despite a decline on the national level. On the other hand, initial claims for unemployment insurance increased (worsened) for a second consecutive month and total residential building permits declined for a third time in four months.

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