



ECONOMIC INDICATORS[®]

FAIRFAX COUNTY
DEPARTMENT OF MANAGEMENT AND BUDGET

JULY 2004

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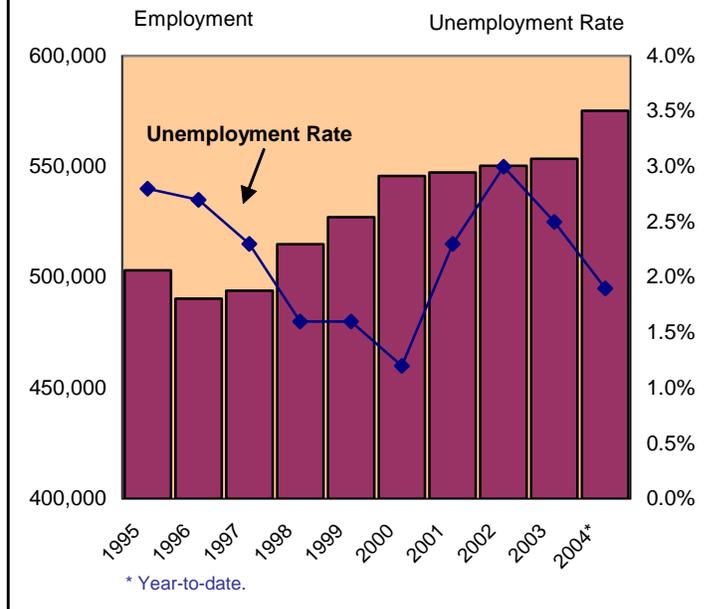
- The unemployment rate in Fairfax County for May 2004 increased to 1.9 percent from 1.8 percent in April. (See page 1)
- Sales Tax receipts for Fairfax County in July 2004 are \$12.0 million, 17.2 percent over July 2003; fiscal year-end 2004 receipts grew 10.5 percent over FY 2003. (See page 2)
- The overall growth rate of new residential permits issued through June is 93.5 percent while new nonresidential permits have declined 31.4 percent through calendar year 2004. (See page 3)
- In May 2004, both the Fairfax County and Metropolitan Washington Coincident Indices increased over April 2004. (See page 5)
- Both the Fairfax County and Metropolitan Washington Leading Indices slightly declined in April 2004. (See page 6)



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

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

RESIDENTIAL EMPLOYMENT

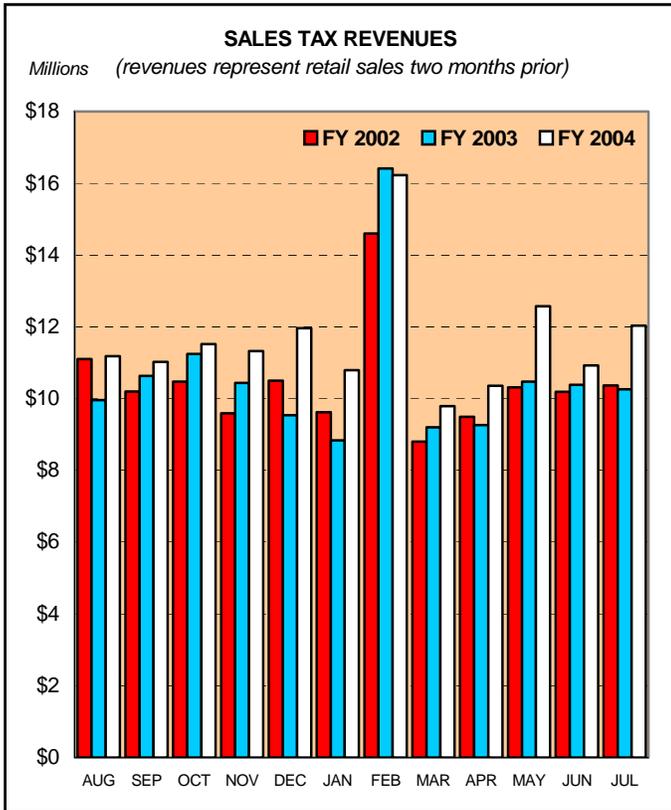


Source: Virginia Employment Commission. Compiled by the Fairfax County Department of Management and Budget.

Employment

As reported by the Virginia Employment Commission (VEC), the May 2004 unemployment rate in Fairfax County increased to 1.9 percent from 1.8 percent in April 2004. Over the year; however, the number of employed Fairfax County residents increased 24,537 to 575,139 in May 2004, an increase of 4.5 percent over May 2003. During this period, the unemployment rate in Fairfax County fell 0.7 percentage points from 2.6 percent in May 2003 to 1.9 percent in May 2004.

Virginia's May 2004 unemployment rate increased to 3.4 percent, 0.3 percentage points higher than the three-year low of 3.1 percent recorded in April 2004. The seasonal growth was driven by college students looking for summer work and new graduates entering the labor market. The May 2004 national unemployment rate was 5.3 percent.



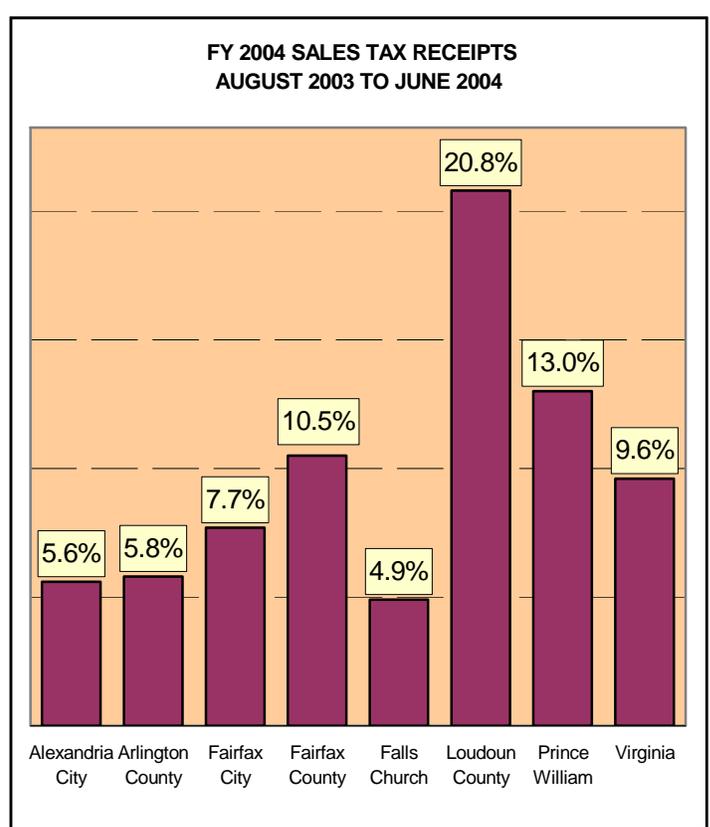
Source: Virginia Department of Taxation. Compiled by the Fairfax County Department of Management and Budget.

Fairfax County Sales Tax Receipts

July Sales Tax receipts for Fairfax County, representing retail purchases made in May, are \$12.0 million, an increase of 17.2 percent over July 2003. Final FY 2004 Sales Tax receipts totaled \$140.1 million, 10.5 percent over FY 2003.

National Sales Tax Receipts

According to the Commerce Department, seasonally adjusted preliminary June 2004 retail sales estimates for the U.S. decreased 1.1 percent from the previous month but increased 6.3 percent over June 2003. Compared to last year, health and personal care store sales are up 7.5 percent; building materials and garden equipment, 16.7 percent; retail store sales, 8.1 percent; and gasoline station sales, 13.1 percent.



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

Neighboring Jurisdictions

The following is a comparison of Fairfax County's FY 2004 growth in Sales Tax receipts with other Northern Virginia jurisdictions during the same months August 2003 through July 2004.

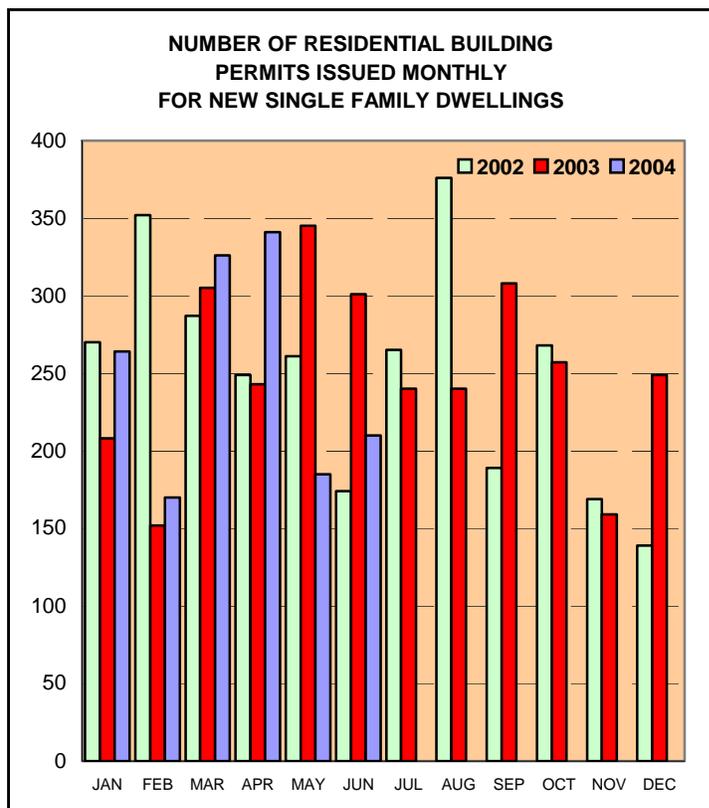
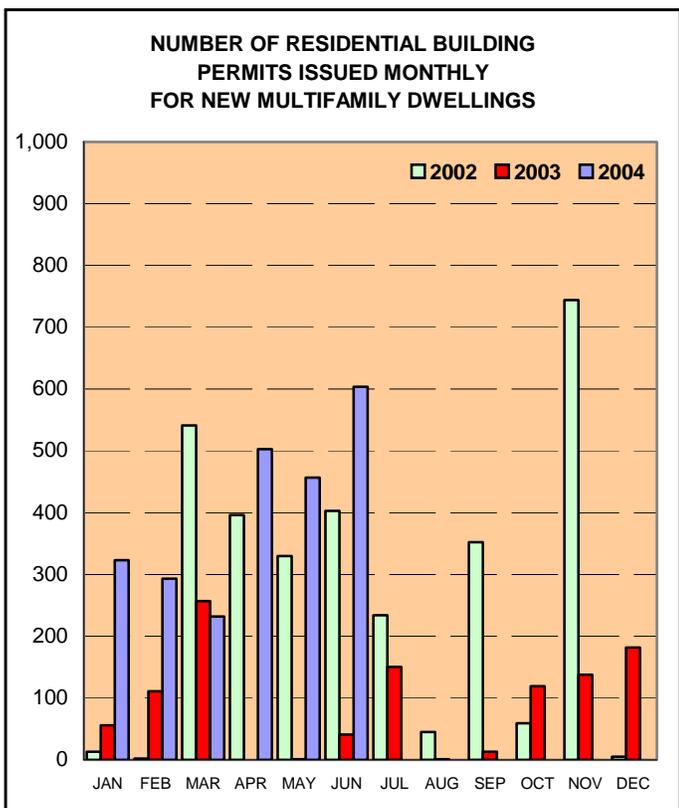
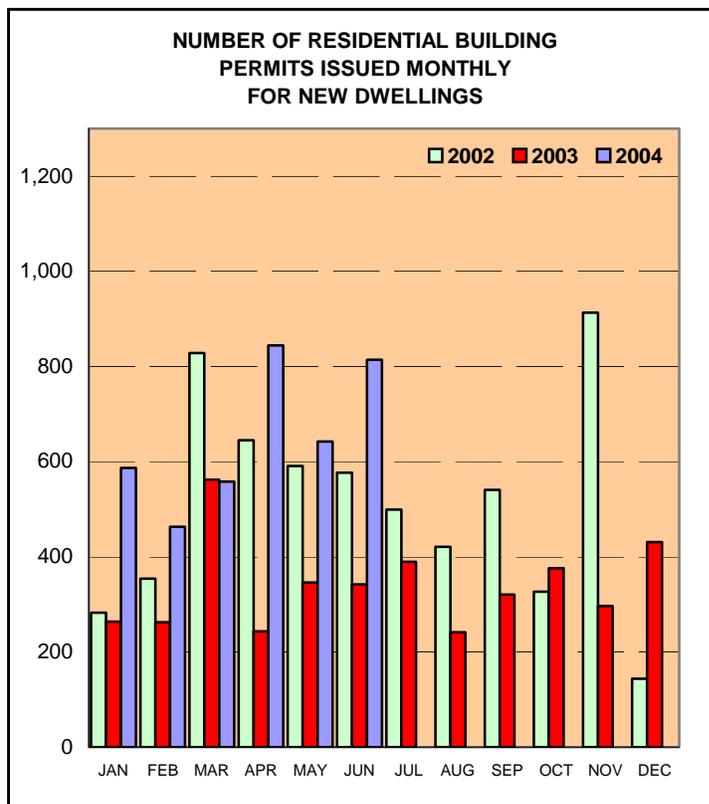
For this period, all Northern Virginia localities reported growth in Sales Tax receipts. Sales Tax receipts were up significantly in Loudoun County at 20.8 percent and Prince William County at 13.0 percent. Sales Tax receipts in Fairfax County were up 10.5 percent; Arlington County, 5.8 percent; Alexandria City, 5.6 percent; Falls Church, 4.9 percent; and Fairfax City, 7.7 percent.

Sales Tax receipts in these Northern Virginia localities during the period of August 2003 through July 2004 experienced combined growth of 11.1 percent from the same period the prior year. These localities represent 32.8 percent of total statewide Sales Tax receipts, which increased at a rate of 9.6 percent during these months. Excluding the Northern Virginia localities, growth in Sales Tax receipts for the remainder of the State was 8.9 percent.

Building Permits

Issues of new residential dwelling permits registered a significant gain in June 2004 rising 138.0 percent over the same month in 2003. As a result, the 3,908 permits issued during the first six months of calendar year 2004 exceed that of the same period last year by a margin of 93.5 percent, or 1,888 permits. Through the first half of calendar year 2004, 2,412 multifamily permits have been issued, more than five times the 466 permits issued during the same period last year. Single family permits issued through June 2004 total 1,496, down 3.7 percent or 58 permits, calendar year-to-date.

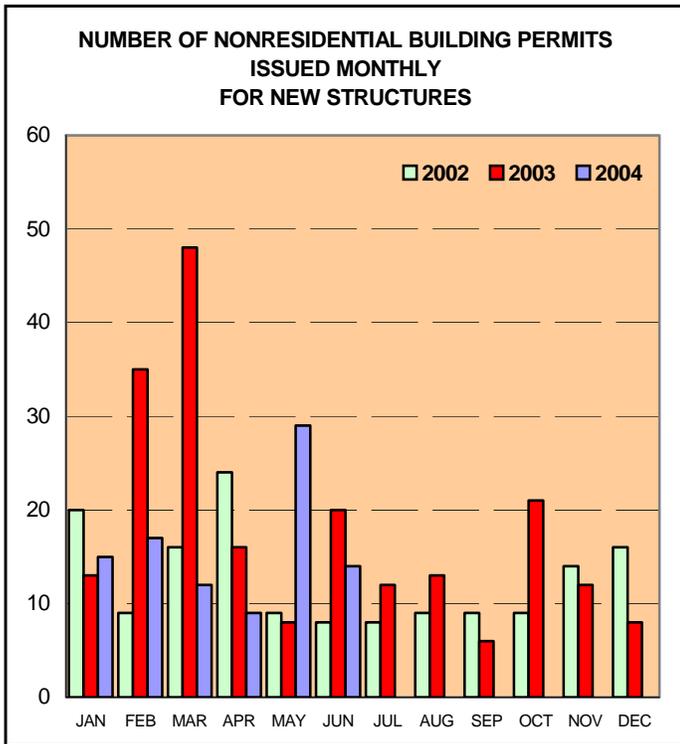
By contrast, residential repair and alteration permits issued through June 2004 are 2,386, a decline of 3,185 permits or 57.2 percent from the same period last year.



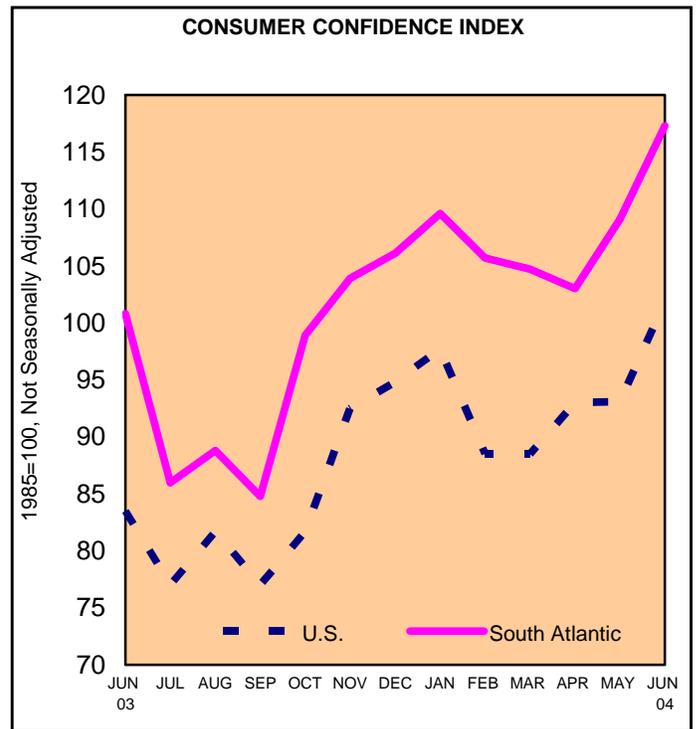
NOTE: In February 2002, only two permits were issued; in April 2003, no permits were issued; in August 2003, only one multifamily permit was issued and therefore, the bars are too small to discern.

Source of data for all above charts: Fairfax County Department of Public Works and Environmental Services. Compiled by the Department of Management and Budget.

ADDITIONAL INDICATORS



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



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

Nonresidential Building Permits

The number of nonresidential building permits issued in June declined from the same month last year for the fourth time in five months. Through June 2004, 96 nonresidential building permits have been issued, down 31.4 percent or 44 permits from the same period last year. However, nonresidential repair and alterations permits issued through June 2004 were 1,932, an increase of 12.1 percent or 208 permits over the same period last year.

Consumer Confidence Index

The Conference Board reports that the Consumer Confidence Index increased more than eight points in June 2004. The Index is 101.9, compared to 93.1 in May 2004. According to Lynn Franco, Director of the Conference Board's Consumer Research Center, "The strong improvement in current [economic] conditions has propelled Consumer Confidence to levels unseen since June 2002."

The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. In May, the Present Situation Index increased to 104.8 from 90.5 points, a 14.3 point gain over last month. The Expectations Index increased to 100.0 from 94.8, an increase of 5.2 points.

As Franco noted, "Consumers expect the economy to continue to grow at a healthy clip and to continue to generate additional jobs."

Due to the implementation of a new computer system, Fairfax County home sales data are not available this month.

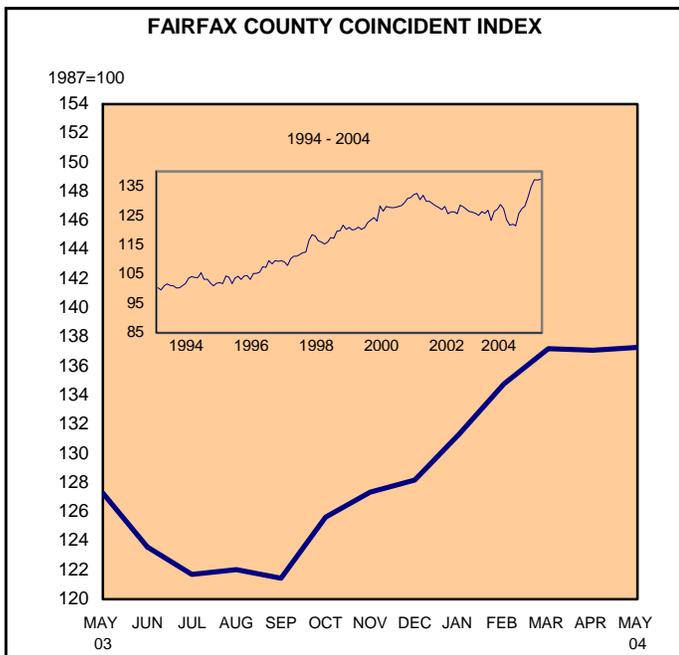
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in the coming months for the respective economies. Fairfax County's Indices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

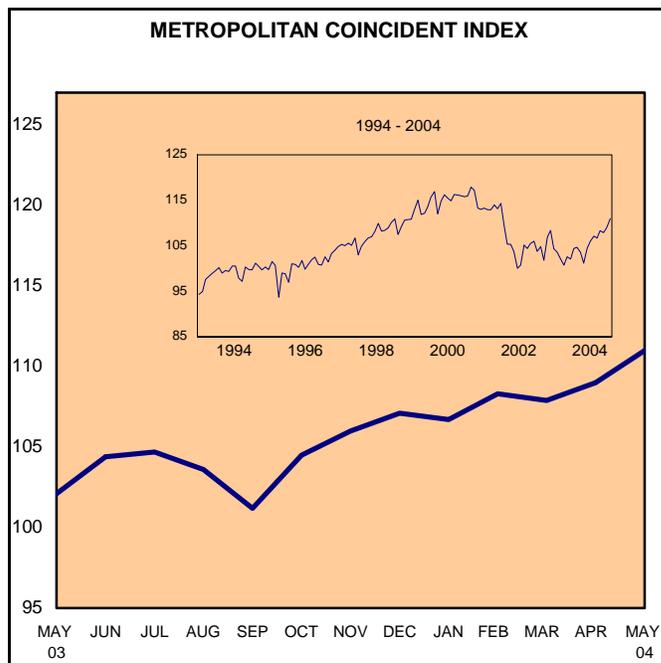


The Fairfax County Coincident Index, which represents the current state of the County's economy, increased slightly to 137.3 in May 2004, a 0.2 percent gain over April 2004. The Index has increased nine consecutive months over last year's same-month values and is currently 7.9 percent above its May 2003 level.

In May, three of the Index's four components were positive. Consumer Confidence (in the present) increased for the third consecutive month; total employment increased for the fifteenth consecutive months; and sales tax collections, adjusted for inflation and seasonal variation, increased after declining in April. By contrast, transient occupancy tax collections, adjusted for inflation and seasonal variation, decreased sharply following a strong upward trend since the beginning of 2004.



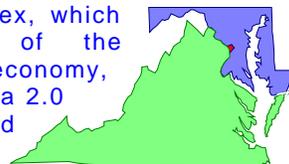
Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department of Management and Budget.



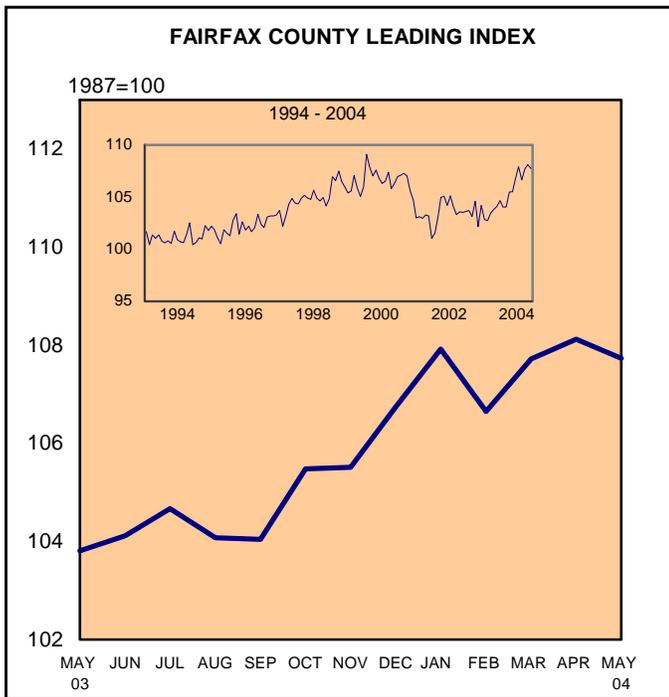
Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department of Management and Budget.

Metropolitan Coincident Index

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, increased to 111.0 in May 2004, a 2.0 percent gain over April 2004 and its strongest one-month increase since October 2003. The Index has now exceeded its same-month value from last year for six consecutive months and is up 9.0 percent over its May 2003 level.



In May, three of the Index's four components were positive. Domestic passenger volume at Reagan National and Dulles Airports increased for the third time in four months; Consumer Confidence (in the present) increased in May for the third consecutive month; and wage and salary employment increased for the fourth consecutive month. By contrast, nondurable goods retail sales declined for the second time in three months.



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

Fairfax County Leading Index



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 107.8 in May 2004, a 0.4 percent loss from April. However, the Index is currently up 3.4 percent over its May 2003 level.

In May, three of the Index's five components contributed to its loss. Residential building permits issued decreased following two monthly gains and the total value of residential building permits declined following two consecutive monthly gains. By contrast, initial claims for unemployment insurance decreased (improved) in May; consumer expectations (consumer confidence six months hence) rose after declining for three consecutive months; and new automobile registrations increased slightly following a sharp decline in April.

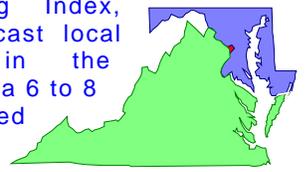
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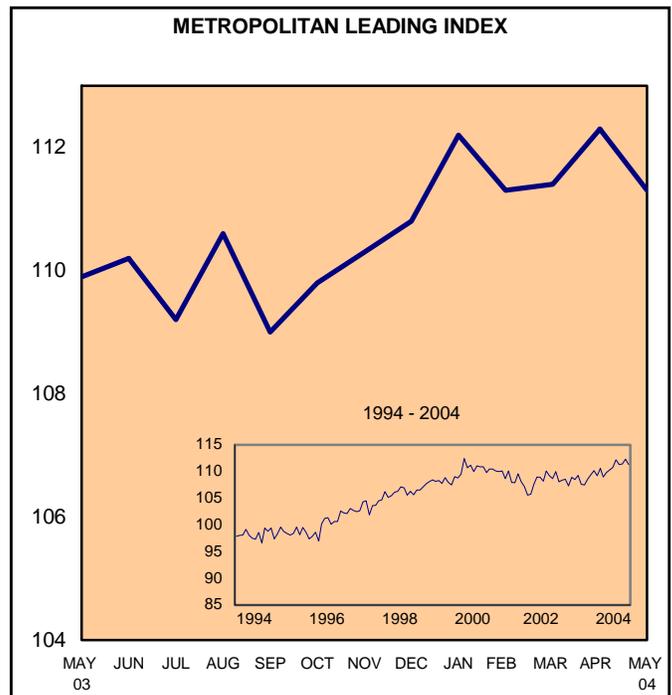
Staff: Susan Datta, Director; Marcia Wilds and Jameson Penn, analysts.

Metropolitan Leading Index

The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 6 to 8 months in advance, decreased to 111.3 in May 2004, a loss of 0.9 percent from April.



In May, three of the Index's five components contributed to its decline. Total residential building permits decreased following three consecutive monthly gains; durable goods retail sales registered their first decline in four months; and initial claims for unemployment insurance increased (worsened) in May for the third time in four months. By contrast, the Help Wanted Index increased for the second consecutive month; and consumer expectations (consumer confidence six months hence) increased following three monthly decreases.



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