



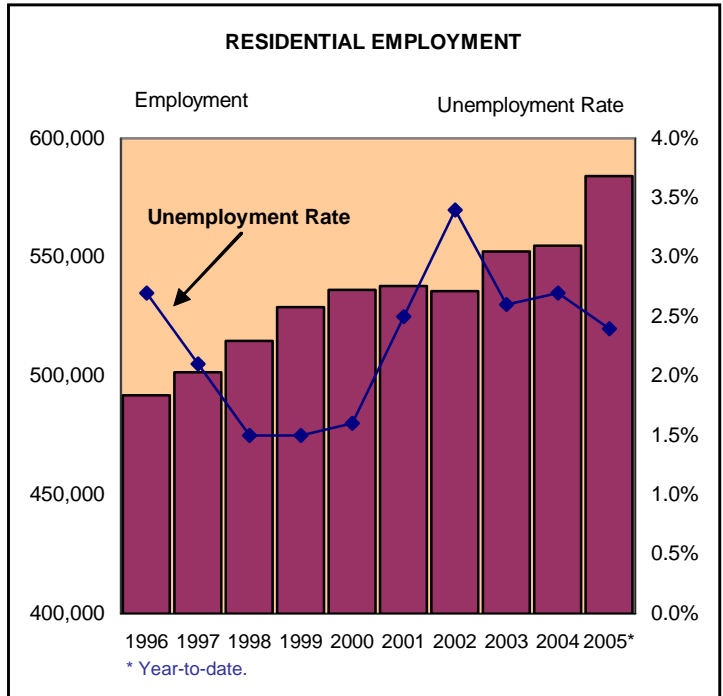
ECONOMIC INDICATORS®

FAIRFAX COUNTY
DEPARTMENT OF MANAGEMENT AND BUDGET

JANUARY 2006

IN THIS ISSUE:

- The November 2005 unemployment rate in Fairfax County of 2.4 percent decreased slightly from the 2.5 percent reported one year ago. Since November 2004, the number of employed County residents increased 4.3 percent or 24,200 residents. (See page 1)
- The number of new single family residential permits rose 36.5 percent in December; while new nonresidential permits decreased 7.1 percent. (See page 2)
- The number of existing single family homes sold in the first 11 months of 2005 decreased 9.1 percent; while, the median value of these homes increased 23.0 percent over existing single family homes sold during all of 2004. (See pages 3 and 4)
- The number of new single family homes and townhouses sold through November 2005 decreased from the same period of 2004. (See page 3)
- Both the Fairfax County Coincident and Leading Indices gained in November 2005 over the November 2004 level. (See pages 5 and 6)
- The January 2006 Consumer Confidence Index increased to its highest level since June 2002. (See page 8)



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

Employment

As reported by the Virginia Employment Commission (VEC), the number of Fairfax County residents holding jobs in November 2005 was 584,225, an increase of 24,200 residents, or 4.3 percent, over November 2004. During this period, the unemployment rate in Fairfax County dropped slightly to 2.4 percent from the 2.5 percent reported one year ago.

The November 2005 unemployment rate in Virginia was 3.3 percent. This rate represents a decrease of 0.1 percentage point from the November 2004 level of 3.4 percent. On the national level, the unemployment rate in November was 5.0 percent, down from 5.4 percent the year before.



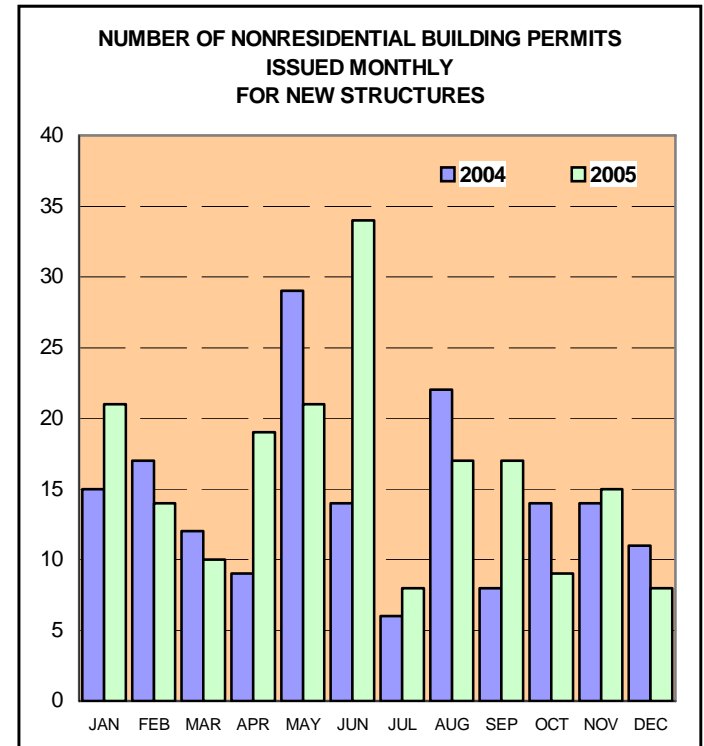
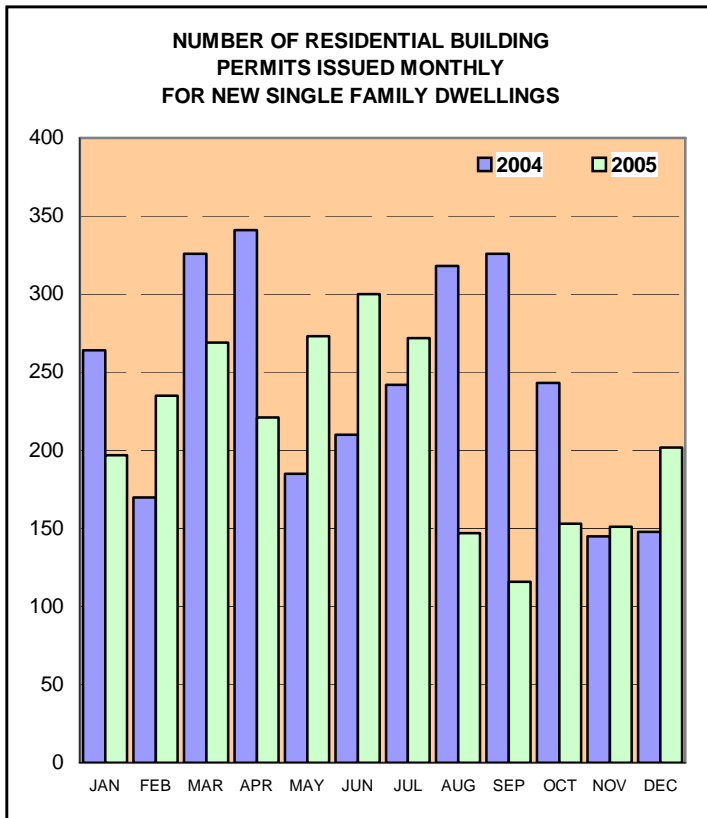
The Fairfax County Economic Indicators is on the Web and can be accessed at:

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

Residential Building Permits

The number of new single family residential building permits issued in December 2005 was 202, an increase of 54 permits, or 36.5 percent, over December 2004. Despite the monthly gain experienced in December, new single family permits issued in all of 2005 totaled 2,536 permits, a decrease of 13.1 percent or 382 permits from the 2,918 issued during 2004. Calendar year 2005 marks the sixth consecutive year that new single family permits have declined from the previous year.

In December 2005, 985 residential repair and alteration permits were issued, an increase of 147 permits, or 17.5 percent, over December 2004. During 2005, the number of residential repair and alteration permits rose from 9,658 to 14,014, an increase of 45.1 percent. This is the first year since 2002 that residential repair and alteration permits increased over the prior year.



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

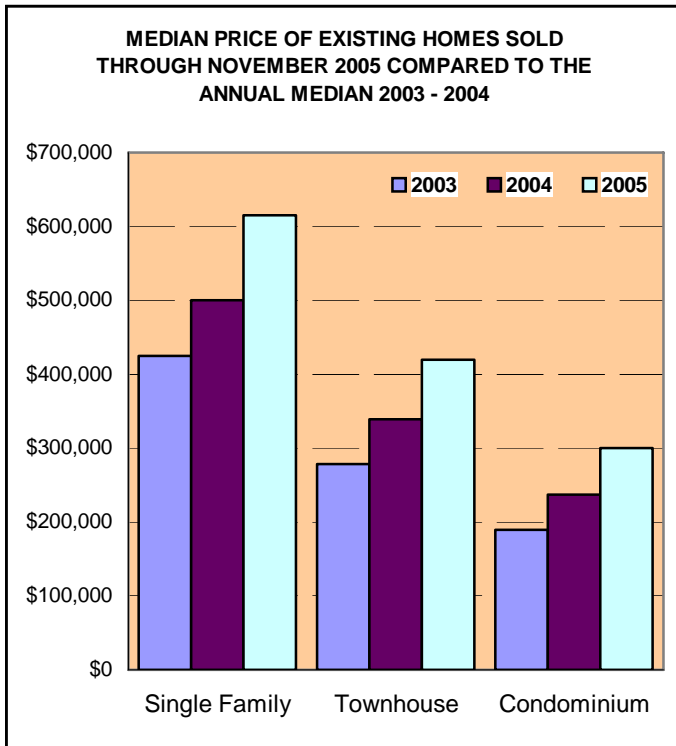
Nonresidential Building Permits

In December, eight new nonresidential building permits were issued, a decrease of 27.3 percent, or three permits, from December 2004. New nonresidential permits issued during calendar year 2005 total 193, a gain of 22 permits, or 12.9 percent, over 2004.

The issuance of nonresidential repair and alterations permits increased 76 permits in December to 323 from the 247 permits issued in December 2004, a gain of 30.8 percent. During 2005, the number of nonresidential repair and alterations permits issued was 3,801, a reduction of 0.2 percent, or just seven permits, from calendar year 2004.

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

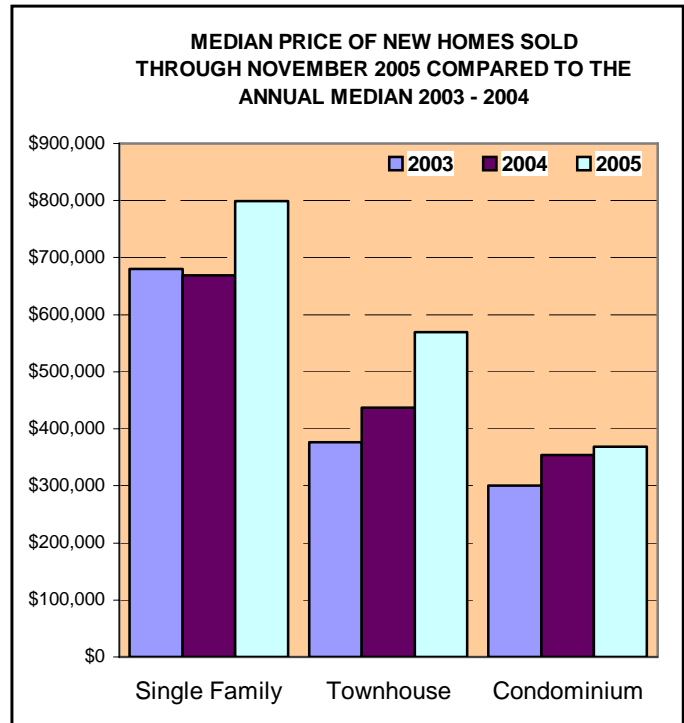
Housing Market



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

Existing Home Sales Prices

The median sales price of all types of existing (previously owned) homes in Fairfax County experienced strong growth during the first 11 months of calendar year 2005 compared to the 2004 median price. For existing single family homes, the median sales price increased 23.0 percent to \$615,000, as compared to the 2004 median price of \$500,000. The median sales price for existing townhomes sold through November 2005 climbed to \$420,000 from the 2004 median of \$339,000, reflecting growth of 23.9 percent. The median sales price of existing condominiums rose to \$300,000 from January through November 2005 from \$237,500 in 2004, representing growth of 26.3 percent.



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

New Home Sales Prices

Through November, the median sales prices for new single family homes and townhomes have experience double digit growth while the median sales price of condominiums has increased moderately. The 2005 median price for new single-family homes sold during the first 11 months of 2005 rose to \$799,143, an increase of 19.4 percent over the 2004 median of \$669,457. The median sales price of new townhomes sold from January through November 2005 increased 30.3 percent, from \$437,240 in 2004 to \$569,771. The median sales price for new condominiums; however, increased a modest 3.9 percent during the first 11 months of 2005, from \$354,450 in 2004 to \$368,334.

PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD YEAR-END 2004 COMPARED TO SALES THROUGH NOVEMBER 2005

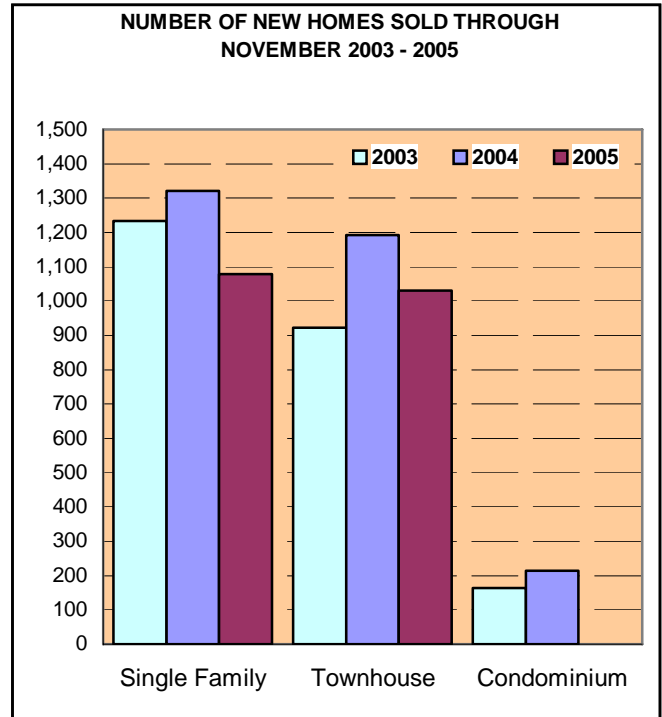
	Existing Sales	New Sales
Single Family	23.0	19.4
Townhouse	23.9	30.3
Condominium	26.3	3.9

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. To read more about Fairfax County tax assessments, please visit:

www.co.fairfax.va.us/dta/tax_assessment.htm

Existing Home Sales Volume

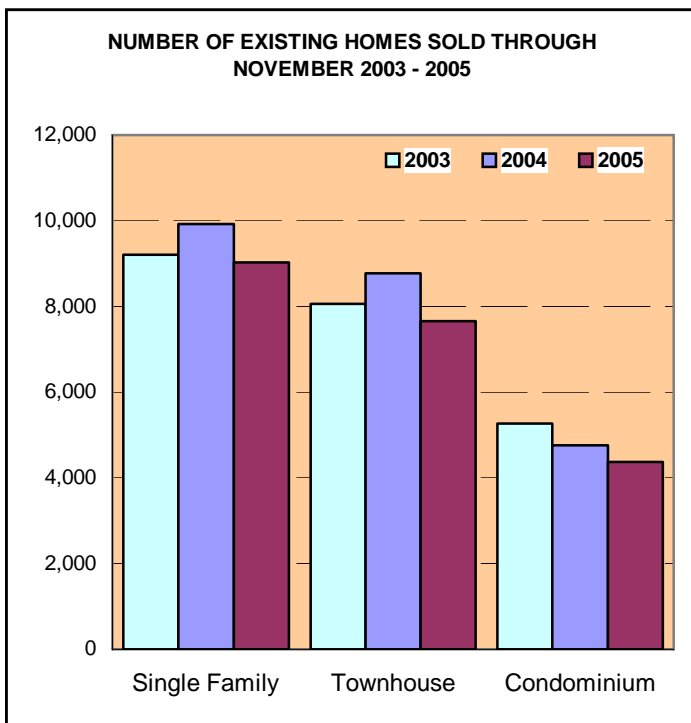
The number of all types of existing (previously owned) homes sold fell during the first 11 months of 2005. Existing single family homes sold through November totaled 9,025, a 9.1 percent decline from the 9,929 sold during the same period of 2004. Likewise, sales volume of existing townhomes decreased 12.7 percent from 8,773 to 7,659. In addition, the number of existing condominiums sold from January through November 2005 fell 8.2 percent to 4,369 from the 4,757 units sold during the same period of 2004.



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

New Home Sales Volume

The number of new single family homes and townhouses sold fell during the first 11 months of 2005. The number of newly constructed condominiums will not be reported in the January Bulletin due to computer system reporting problem. Sales volume of new single family homes declined a sharp 18.4 percent from the 1,321, homes sold in January through November 2004 to 1,078 purchased during the same period this year. In addition, the number of new townhouses sold declined 13.6 percent from the 1,192 units sold during the first 11 months of 2004 to 1,030 units sold thus far in 2005.



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

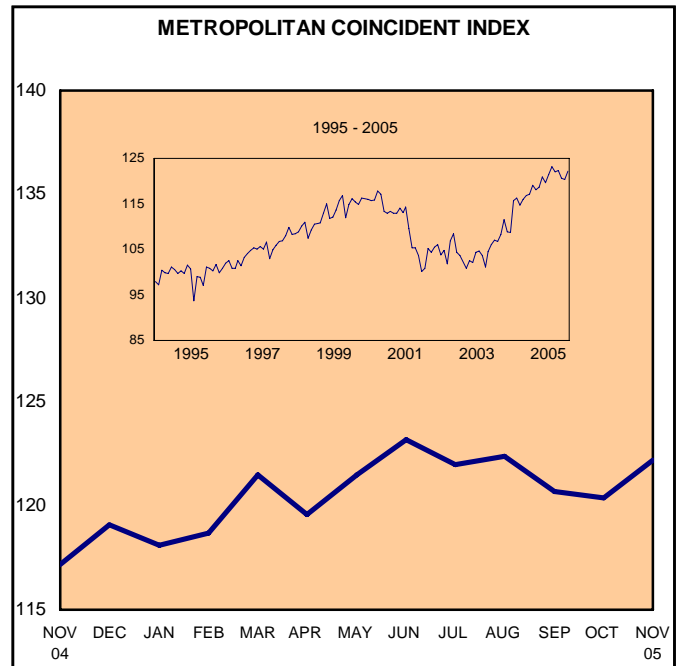
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in the coming months for the respective economies. Fairfax County's Indices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

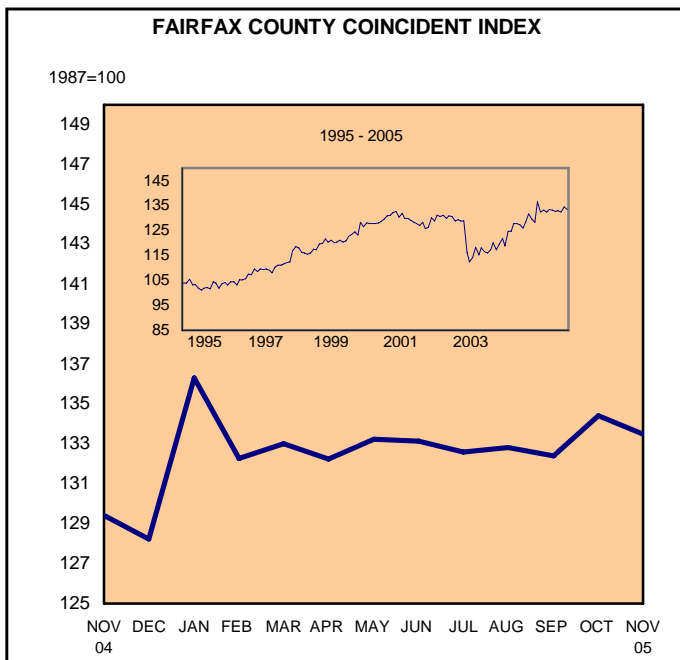


The Fairfax County Coincident Index, which represents the current state of the County's economy, fell to 133.5 in November 2005, a 0.7 percent loss from October 2005. The Index; however; is up 3.2 percent over its November 2004 level. This extends the Index's positive trend to twenty-four consecutive monthly over-the-year gains.

In November, three of the Index's four components were negative. Estimated sales tax collections and transient occupancy tax collections, both adjusted for inflation and seasonal variation, decreased for the third time in four months. In addition, total employment fell in November 2005 after posting gains in the three previous months. However, Mid-Atlantic Consumer Confidence (in the present) increased after falling in the two previous months.



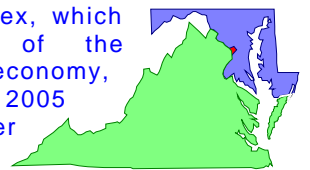
Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department of Management and Budget.



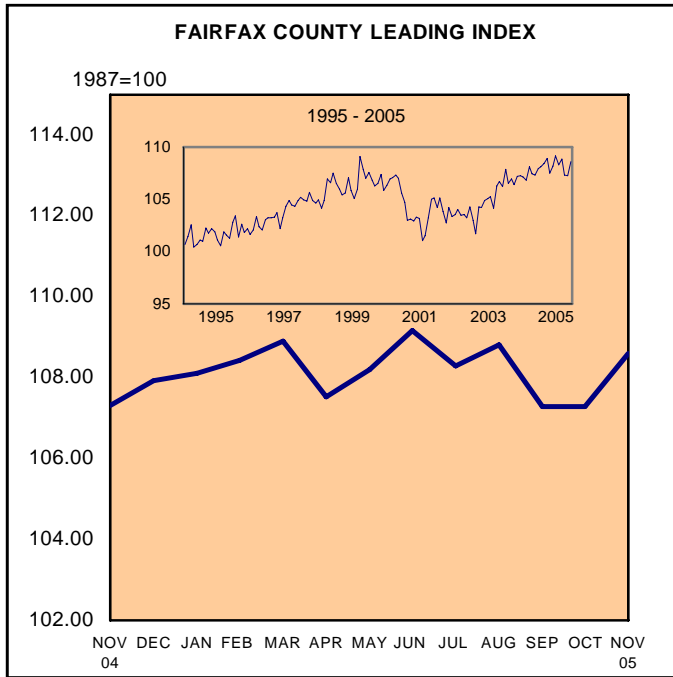
Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department of Management and Budget.

Metropolitan Coincident Index

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, rose to 122.2 in November 2005 reflecting a 1.5 percent gain over the October level. In addition, the Index is up 4.2 percent over its November 2004 level and has exceeded its same-month value from the previous year for twenty-five consecutive months.



In November, three of the Index's four components were positive. Mid-Atlantic Consumer Confidence increased following two monthly declines. Domestic passenger volume at Reagan National and Dulles airports grew in November after posting losses for the three previous months. In addition, wage and salary employment increased in November 2005 for a third consecutive month. The one negative component, nondurable goods retail sales, fell for the fourth consecutive month.



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

Fairfax County Leading Index



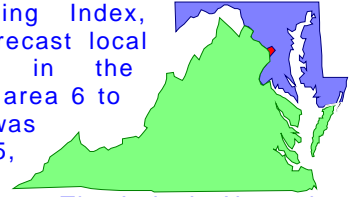
The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in advance, increased to 108.6 in November 2005, a 1.2 percent gain over October. In addition, the Index rose on a monthly over-the-year basis for the thirtieth time in the last 32 months.

In November, two of the three components of the Index were positive. Initial claims for unemployment decreased (improved) for the third time in four months. Also, consumer expectations (consumer confidence six months in advance) increased sharply and have now posted gains for two consecutive months. New automobile registrations fell in November for a third month.

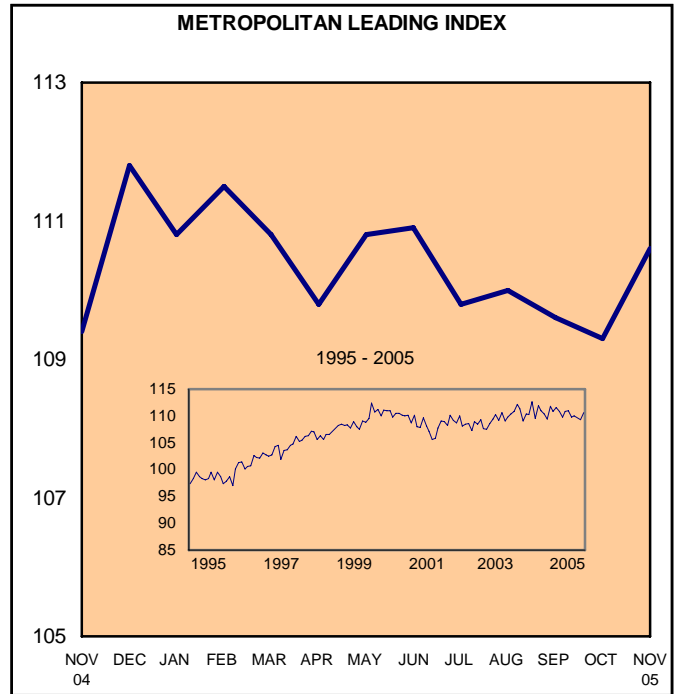
According to Dr. Stephen Fuller of George Mason University, "if this current performance pattern parallels the last business cycle, the Leading Index will move higher over the coming year followed by a resumption of monthly increases in jobs and consumer spending."

Metropolitan Leading Index

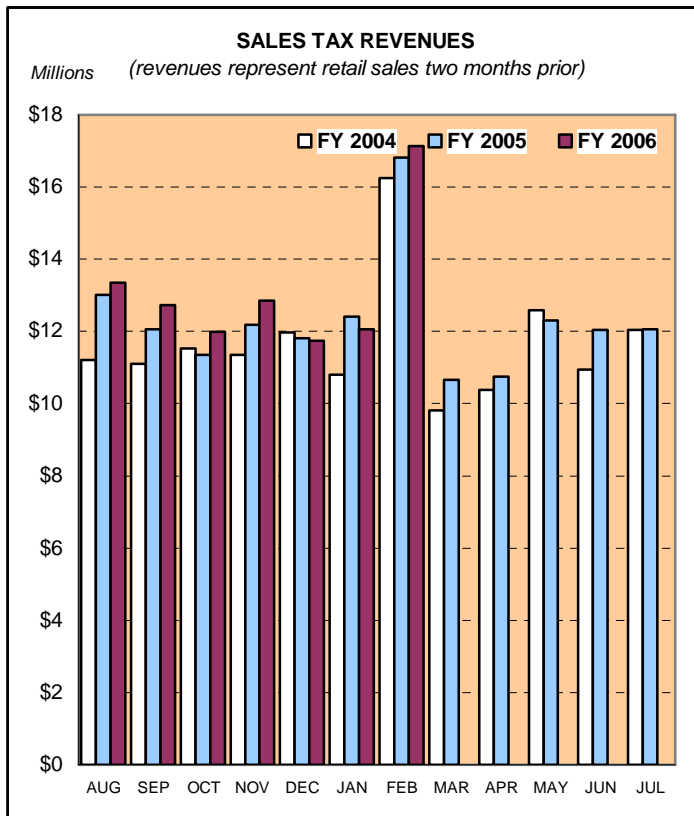
The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 6 to 8 months in advance, was 110.6 in November 2005, an increase of 1.2 percent over November. The Index's November level represents a gain of 0.5 percent over its November 2004 value.



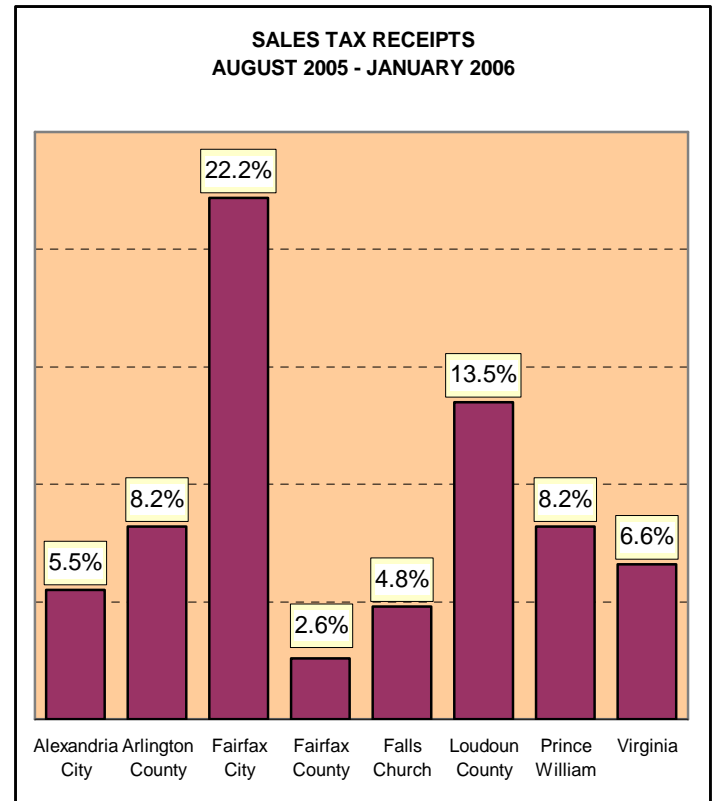
In November, three of the Index's five components contributed to its growth. Initial claims for unemployment insurance decreased (improved) in September for a fifth consecutive month. Durable goods retail sales rose for the second time in three months and consumer expectations (consumer confidence six months hence) increased significantly after posting losses in the three previous months. Conversely, total residential building permits decreased in November for the second time in three months. The Help Wanted Index remained unchanged from October.



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



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



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

Fairfax County Sales Tax Receipts

January Sales Tax receipts for Fairfax County, representing retail purchases made in November, are \$12.1 million, a decrease of 2.9 from January 2004. Through the first half of FY 2006, Sales Tax receipts are up 2.6 percent over the same period in FY 2005.

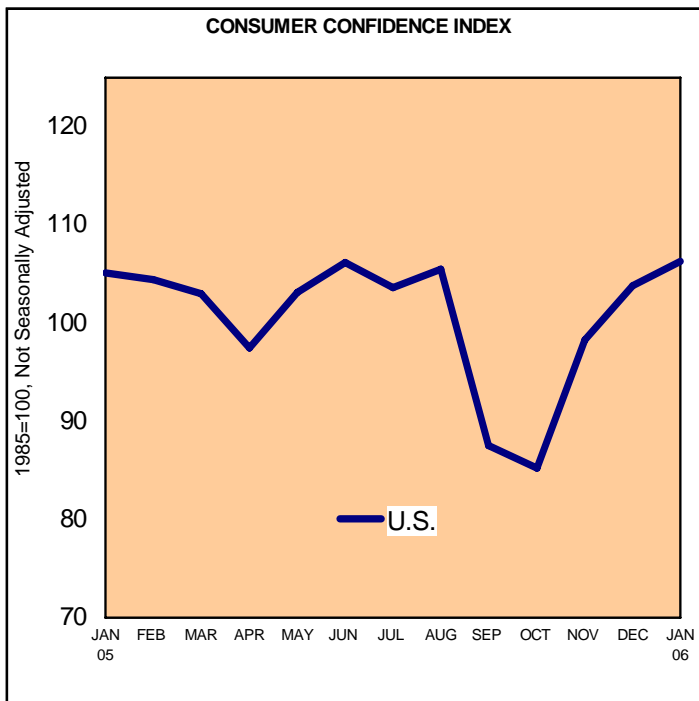
It should be noted that during a computer system change at the State level, Sales tax receipts distributed to localities for the months of September through November 2005 were estimated at 5.5 percent growth over the same month in 2004. The December distribution to localities was adjusted to reflect actual receipts during those months. While year-to-date information is assumed to be correct, the month over month comparison for September through December shown in the above chart should not be used to determine an actual trend.

National Retail Sales

According to the Commerce Department, seasonally adjusted preliminary November 2005 retail sales for the U.S. increased slightly, rising 0.3 percent from the September level. The November 2005 national retail sales estimate represents 6.3 percent growth over November 2004. Compared to last year, gasoline station sales are up 21.4 percent and sales of building material and garden equipment rose 10.0 percent.

Neighboring Jurisdictions

Based on information reported by the Virginia Department of Taxation, all Northern Virginia localities experienced growth in Sales Tax receipts during the period August 2005 through January 2006 (the period that coincides with Fairfax County's fiscal year 2006.) Sales Tax receipts are up significantly in Fairfax City at 22.2 percent and Loudoun County at 13.5 percent. The other Northern Virginia jurisdictions experienced more moderate growth rates. Sales Tax receipts in Arlington and Prince William are both up 8.2 percent; while Alexandria and Falls Church are up 5.5 percent and 4.8 percent, respectively. Fairfax County sales tax receipts are up a modest 2.6 percent through January. Statewide Sales Tax receipts increased 6.6 percent from August through January over the same period of 2004.



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

Consumer Confidence Index

The January Consumer Confidence Index increased 2.5 points to 106.3 to its highest level since June 2002. According to the Conference Board, the improvement in January is attributable to consumers' positive outlook of the job market.

The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. In January 2005, the Present Situation Index was 128.4, which represents a sharp increase of 7.7 points over the level reached in December. Conversely, the Expectations Index lost ground in January, dropping to 91.5 from the 92.6 reported in November.

According to Lynn Franco, Director of the Conference Board's Consumer Research Center, "this month's increase was driven solely by consumers' assessment of current economic conditions, especially their view of the job market."

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