

Trends and Demographics

Household Tax Analyses

The following analyses illustrate the impact of selected County taxes on the "typical" household from FY 2019 to FY 2025. This period provides five years of actual data, estimates for FY 2024 based on year-to-date experience, and projections for FY 2025. Historical dollar amounts are converted to FY 2025-dollar equivalents for comparison purposes using the Consumer Price Index for All Urban Consumers (CPI-U) for the Washington-Arlington-Alexandria area. The Washington metropolitan area experienced average annual inflation of 2.6 percent from FY 2019 to FY 2021, before it rose to 7.5 percent in FY 2022. In FY 2023, inflation moderated to 1.8 percent in the Washington Metro region. Using the most recent forecast from the Congressional Budget Office (CBO) Budget and Economic Outlook: 2024 to 2034, inflation is projected to be 2.5 percent in FY 2024 and 2.5 percent in FY 2025.

Household Taxation Trends

Summary of Major Taxes Paid by Typical Households

The charts on the following pages show the trends in selected taxes (Real Estate Taxes, Personal Property Taxes, Sales Taxes and Consumer Utility Taxes) paid by the "typical" household in Fairfax County. The Real Estate Tax analysis includes the adopted FY 2025 Real Estate tax rate of \$1.125 per \$100 of assessed value. It is important to note that the following data are not intended to depict a comprehensive picture of a household's total tax burden in Fairfax County.

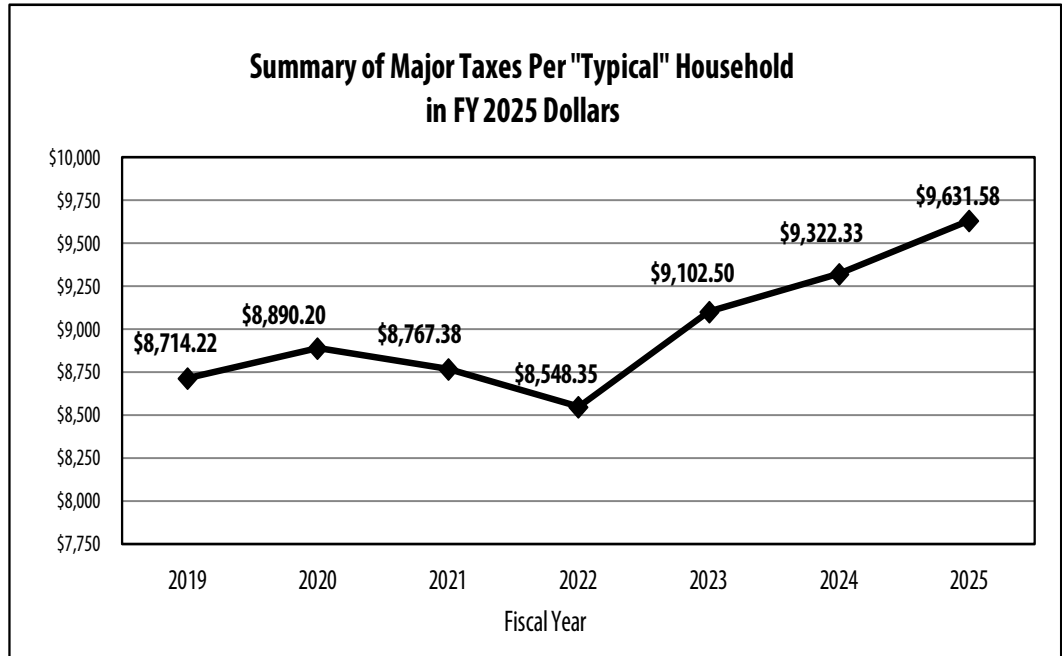
The "typical" household in Fairfax County is projected to pay \$9,631.58 in selected County General Fund taxes in FY 2025, \$309.25 more than in FY 2024 after adjusting for inflation. From FY 2019 to FY 2025, the inflation adjusted County taxes paid by the "typical" household have increased \$917.36, or 10.5 percent. Note that taxes paid in FY 2019 through FY 2025 reflect the Commonwealth's Personal Property Tax Relief Act, which reduces an individual's Personal Property Tax liability on vehicles valued up to \$20,000 (see the section entitled "Personal Property Tax per Typical Household" for more information.)

Summary of Major Taxes per "Typical" Household

	Number of Households	Real Estate Tax in FY 2025 Dollars	Personal Property Tax in FY 2025 Dollars ¹	Sales Tax in FY 2025 Dollars	Consumer Utility Tax in FY 2025 Dollars	Total Taxes in FY 2025 Dollars ¹
FY 2019	415,270	\$7,645.05	\$458.60	\$544.77	\$65.80	\$8,714.22
FY 2020	417,464	\$7,800.62	\$476.59	\$549.27	\$63.72	\$8,890.20
FY 2021	418,187	\$7,704.17	\$451.14	\$551.87	\$60.20	\$8,767.38
FY 2022	418,769	\$7,442.66	\$459.10	\$590.08	\$56.51	\$8,548.35
FY 2023	422,940	\$7,844.27	\$606.92	\$596.35	\$54.51	\$9,102.05
FY 2024 ²	427,364	\$8,124.03	\$560.05	\$585.19	\$53.06	\$9,322.33
FY 2025 ²	431,512	\$8,375.92	\$633.30	\$571.08	\$51.28	\$9,631.58

¹ Personal Property Taxes paid incorporate reductions in Personal Property Tax bills sent to residents under the state's Personal Property Tax Relief program. The reductions were 60.0 percent in FY 2019, 59.0 percent in FY 2020, 58.5 percent in FY 2021, 57.5 percent in FY 2022, 49.5 percent in FY 2023, and 51.0 percent in FY 2024. The reduction in FY 2025 is set at 50.0 percent. The difference in revenue will be paid to the County by the Commonwealth.

² Estimated.



Real Estate Taxes

Real Estate Taxes per "typical" residence are projected to increase by \$450.04 between FY 2024 and FY 2025 to \$8,375.92, not adjusting for inflation. This increase is the result of the 2.86 percent increase in the mean assessed value of existing residential properties within the County, and a 3.0-percent increase in the adopted FY 2025 General Fund Real Estate Tax rate to \$1.125 per \$100 of assessed value.

Since FY 2019, Real Estate Taxes have increased \$2,055.17 or an average annual increase of 4.8 percent per year, not adjusting for inflation. Adjusted for inflation, Real Estate Taxes per "typical" residence are \$730.87 more than in FY 2019, an average annual increase of 1.5 percent.

Real Estate Tax per "Typical" Residence

	Mean Assessed Value of Residential Property	Tax Rate per \$100	Typical Residential Real Estate Tax	Typical Residential Real Estate Tax in FY 2025 Dollars
FY 2019	\$549,630	\$1.150	\$6,320.75	\$7,645.05
FY 2020	\$565,292	\$1.150	\$6,500.86	\$7,800.62
FY 2021	\$582,976	\$1.150	\$6,704.22	\$7,704.17
FY 2022	\$610,545	\$1.140	\$6,960.21	\$7,442.66
FY 2023	\$672,639	\$1.110	\$7,466.29	\$7,844.27
FY 2024 ¹	\$723,825	\$1.095	\$7,925.88	\$8,124.03
FY 2025 ¹	\$744,526	\$1.125	\$8,375.92	\$8,375.92

¹ Estimated.

Personal Property Taxes

Personal Property Taxes paid by the "typical" household are shown in the chart below. Personal Property Taxes paid reflect the Commonwealth of Virginia's Personal Property Tax Relief Act (PPTRA), which reduces an individual's Personal Property Tax payment. In FY 2007, statewide reimbursements were capped at \$950 million, with each locality receiving a percentage allocation from this fixed amount determined by the locality's share of statewide tax year 2004 collections. Each year, County staff must determine the reimbursement percentage based on the County's fixed reimbursement of \$211.3 million and an estimate of the number and value of vehicles that will be eligible for tax relief. As the number and value of vehicles in the County vary, the percentage attributed to the state will fluctuate. Based on a County staff analysis, the effective state reimbursement percentage was 60.0 percent in FY 2019, 59.0 percent in FY 2020, 58.5 percent in FY 2021, 57.5 percent in FY 2022, 49.5 percent in FY 2023, and 51.0 percent in FY 2024. The reimbursement percentage in FY 2025 is set at 50.0 percent.

In FY 2023, the average vehicle levy spiked due to pandemic related supply chain disruptions that reduced the supply of automobiles available for sale. Based on the unprecedented increase to vehicle values, as part the FY 2023 Adopted Budget Plan, the Board of Supervisors passed a resolution adopting a vehicle assessment ratio of 85 percent of the trade-in value for Tax Year 2022 (FY 2023). As part of the FY 2024 Adopted Budget Plan, the vehicle assessment ratio was set to 90 percent, reflecting the gradual decrease of values towards their reasonable fair market value. As part of the FY 2025 Adopted Budget Plan, vehicles are assessed at 100 percent of the trade-in value and no assessment ratio is utilized for Tax Year 2024 (FY 2025).

The following tax per household analysis assumes that the "typical" household's vehicle(s) are valued at \$20,000 or less in order to qualify for a reduction under the PPTRA. Adjusted for inflation, Personal Property Taxes per "typical" household are projected to increase \$73.25 between FY 2024 and FY 2025 to \$633.30. The FY 2025 Personal Property Tax per "typical" household is \$254.14 higher than what was paid in FY 2019, not adjusting for inflation. When adjustments are made for inflation, the "typical" household is projected to pay \$174.70 more in FY 2025 than FY 2019. There have been no changes to the Personal Property Tax rate of \$4.57 per \$100 of assessed value for individuals during the FY 2019 to FY 2025 period, except for mobile homes and boats which are taxed at the prevailing Real Estate Tax rate each fiscal year.

The FY 2025 Adopted Budget Plan also includes an annual Vehicle Registration Fee on motor vehicles. The fee is levied at \$33 for passenger vehicles that weigh 4,000 pounds or less and \$38 on passenger vehicles that weigh more than 4,000 pounds. The fee for motorcycles is \$18.

Personal Property Tax Per “Typical” Household

	Personal Property Taxes Attributed to Individuals	Number of Households	Tax per Household	Tax per Household in FY 2025 Dollars	After PPTRA	
					Adjusted Tax per Household ¹	Adjusted Tax per Household in FY 2025 Dollars ¹
FY 2019	\$393,639,253	415,270	\$947.91	\$1,146.51	\$379.16	\$458.60
FY 2020	\$404,410,283	417,464	\$968.73	\$1,162.41	\$397.18	\$476.59
FY 2021	\$395,595,732	418,187	\$945.98	\$1,087.08	\$392.58	\$451.14
FY 2022	\$423,044,948	418,769	\$1,010.21	\$1,080.23	\$429.34	\$459.10
FY 2023	\$483,810,071	422,940	\$1,143.92	\$1,201.83	\$577.68	\$606.92
FY 2024 ²	\$476,547,085	427,364	\$1,115.08	\$1,142.96	\$546.39	\$560.05
FY 2025 ²	\$546,550,425	431,512	\$1,266.59	\$1,266.59	\$633.30	\$633.30

¹ Personal Property Taxes paid incorporate reductions in Personal Property Tax bills sent to residents under the state's Personal Property Tax Relief program. The reductions were 60.0 percent in FY 2019, 59.0 percent in FY 2020, 58.5 percent in FY 2021, 57.5 percent in FY 2022, 49.5 percent in FY 2023, and 51.0 percent in FY 2024. The reduction in FY 2025 is set at 50.0 percent. The difference in revenue will be paid to the County by the Commonwealth.

² Estimated.

Sales Tax

FY 2025 Sales Tax paid per household is estimated to be \$571.08 or \$120.68 more than FY 2019, not adjusting for inflation. This represents an average annual increase of 4.0 percent since FY 2019. Adjusting for inflation, FY 2025 Sales Tax paid per household is estimated to be \$26.31 more than FY 2019, which represents an average annual increase of 0.8 percent.

Because this analysis assumes all Sales Taxes are paid by individuals living in Fairfax County, the impact on the typical household is somewhat overstated. A segment of the County's Sales Tax revenues is paid by businesses and non-residents who either work in the County or are visiting. As the County becomes more of a major employment hub in the region, the contribution of non-residents to the County's Sales Tax revenues will continue to expand.

Sales Tax Per “Typical” Household

	Total Sales Tax	Number of Households	Tax per Household	Tax per Household in FY 2025 Dollars
FY 2019	\$187,037,828	415,270	\$450.40	\$544.77
FY 2020	\$191,092,140	417,464	\$457.75	\$549.27
FY 2021	\$200,832,101	418,187	\$480.24	\$551.87
FY 2022	\$231,087,296	418,769	\$551.83	\$590.08
FY 2023	\$240,066,648	422,940	\$567.61	\$596.35
FY 2024 ¹	\$243,988,880	427,364	\$570.92	\$585.19
FY 2025 ¹	\$246,428,769	431,512	\$571.08	\$571.08

¹ Estimated.

Consumer Utility Taxes

Based on data from the utility companies, it is estimated that residential consumers pay approximately 43.0 percent of the Electric Taxes and 73.0 percent of the Gas Taxes received by the County. Utility Taxes per household decreased slightly from FY 2019 through FY 2025. In FY 2025, the "typical" household will pay an estimated \$51.28 in Consumer Utility Taxes, \$3.12 less than in FY 2019, without adjusting for inflation. From FY 2019 to FY 2025, the "typical" household has experienced an average annual decrease of 4.1 percent, or a decrease of \$14.52 over the period, adjusted for inflation.

Consumer Utility Taxes – Gas & Electric Per “Typical” Household

	Total Consumer Utility Taxes Paid by Residential Consumers	Number of Households	Tax per Household	Tax per Household in FY 2025 Dollars
FY 2019	\$22,589,978	415,270	\$54.40	\$65.80
FY 2020	\$22,168,727	417,464	\$53.10	\$63.72
FY 2021	\$21,908,517	418,187	\$52.39	\$60.20
FY 2022	\$22,130,960	418,769	\$52.85	\$56.51
FY 2023	\$21,941,302	422,940	\$51.88	\$54.51
FY 2024 ¹	\$22,125,935	427,364	\$51.77	\$53.06
FY 2025 ¹	\$22,125,935	431,512	\$51.28	\$51.28

¹ Estimated.

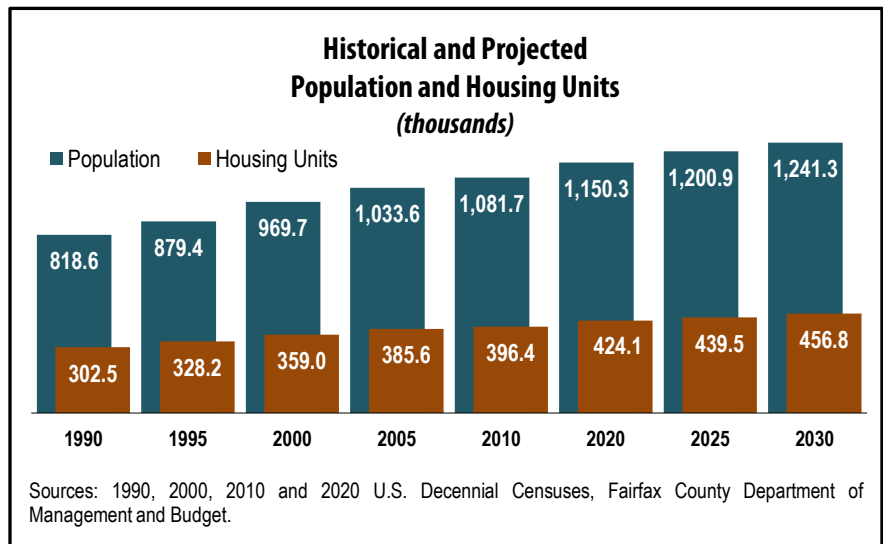
Demographic Trends

Demographic trends strongly influence Fairfax County’s budget. Changing demographics or population characteristics affect both the cost of government services provided, as well as tax revenues. The descriptions and charts contained in this section provide some examples of how various demographic trends affect the Fairfax County budget. Although these trends are discussed separately, the interactions between these demographic trends ultimately influence the direction of expenditures and revenues. While certain demographic trends may suggest reduced expenditures in a program area, other demographic trends may increase program expenditures at the same time. The following information is based on the most recent data available at the time of publication.

Population and Housing

Some of the strongest demographic influences on Fairfax County expenditures and revenues are those associated with the growth in total population and housing units. From 1990 to 2000, the County added over 151,100 residents. This increase in Fairfax County’s population between 1990 and 2000 is comparable to adding more than the entire population of the City of Alexandria to the County. The County’s population growth decelerated, adding 112,000 residents between 2000 and 2010. Based on the 2020 Decennial Census, the growth in Fairfax County’s population decelerated further after 2010, increasing by 68,600 for a total population of 1,150,309 residents in 2020. Between 2020 and 2030, the population of Fairfax County is expected to increase by approximately 91,000 residents to 1,241,300.

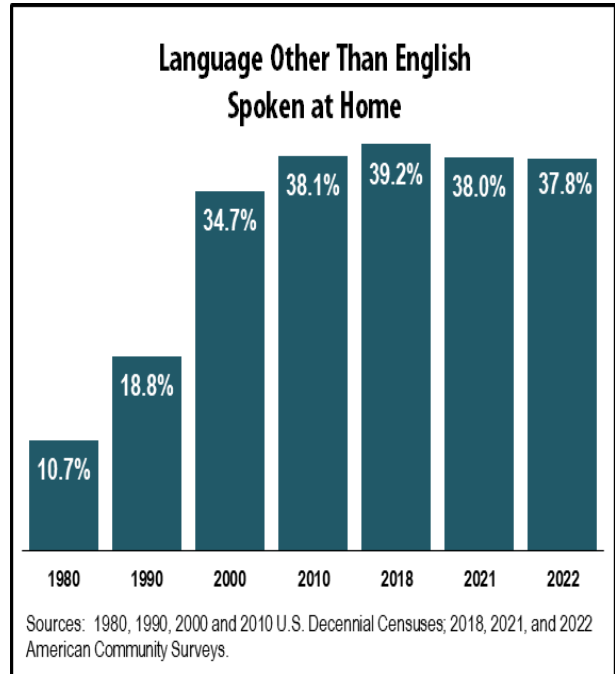
Between 1990 and 2000, housing units grew 18.7 percent, just slightly above population growth of 18.5 percent. From 2000 to 2010, this trend reversed, with population growth at 11.5 percent, surpassing housing unit



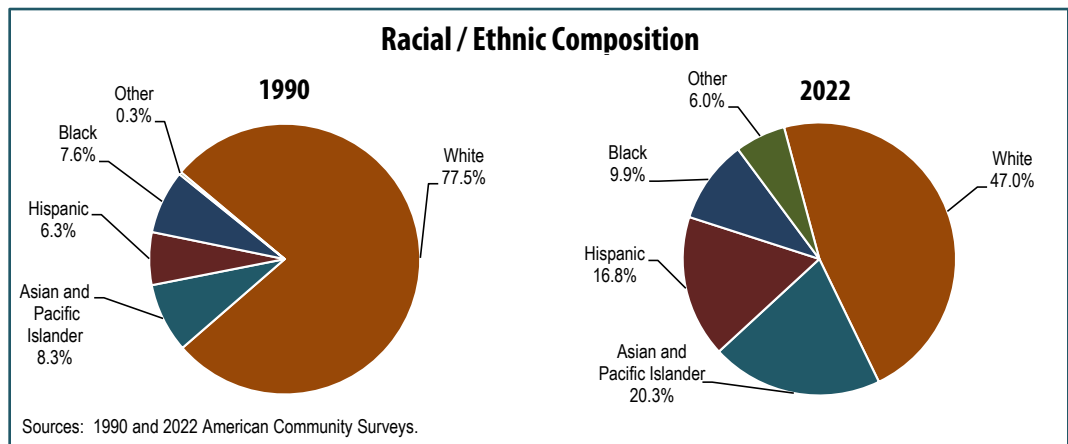
growth of 10.4 percent. From 2010 to 2020, the population and housing units grew by 6.3 percent and 7.0 percent respectively. From 2020 through 2030, the population and housing units are anticipated to grow by 7.9 percent and 7.7 percent respectively. Many County programs, such as fire prevention, transit, water, and sewer, are impacted by the number of housing units. Other program areas such as libraries, recreation, and schools, are impacted more by the growth in population.

Cultural Diversity

Fairfax County's population is rich in diversity. Based on the latest data from the 2022 American Community Survey, the number of persons speaking a language other than English at home is estimated to be 405,940 residents, or 37.8 percent of the County's population age five years or older. In 1980, less than 11 percent of residents age five years or older spoke a language other than English at home. This percentage rose to nearly 19 percent in 1990. By 2010, it was 38.1 percent. The most frequently spoken languages other than English include Spanish, Korean, Vietnamese, and Chinese.



These language trends affect many County programs. For example, the Fairfax County Public Schools have experienced rapid growth in English for Speakers of Other Languages (ESOL) programs. Between FY 2000 and FY 2023, total public school membership increased 16.4 percent, while ESOL enrollment grew 166.9 percent. Also, general government services such as the courts, police, fire, and emergency medical services, as well as human service programs and tax related programs are impacted by the County's cultural and language diversity. The County continues to develop various means to effectively communicate with residents for whom English is not their native language.



In 1990, racial and ethnic minorities comprised less than a quarter of Fairfax County's population. By 2022, over half of the County's population consisted of ethnic minorities. The two fastest growing groups are Hispanics and Asians and Pacific Islanders, which both more than doubled their share of the County's population between 1990 and 2022. These two minority groups are anticipated to remain the County's most rapidly expanding racial or ethnic groups during the next five years. As the County's population continues to become more diverse, the number of persons speaking a language other than English at home is anticipated to continue to grow and impact a wide range of services provided by the County.

Population Age Distribution

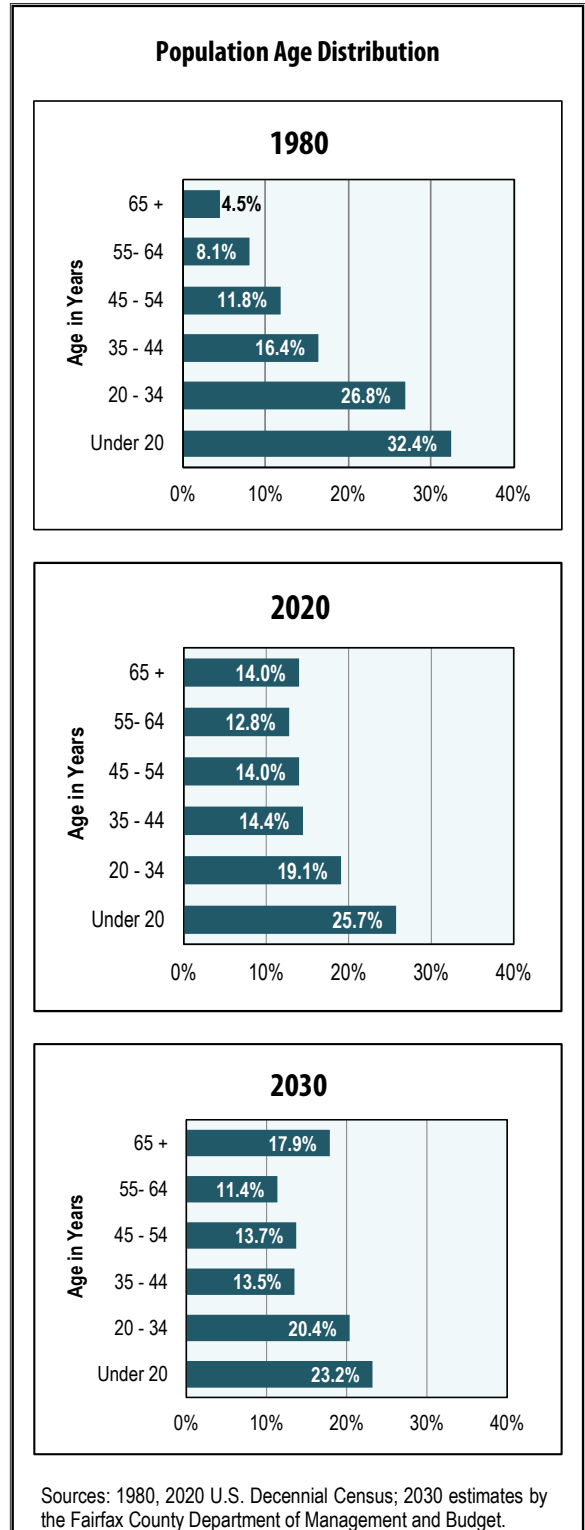
Fairfax County's population has grown steadily older since 1980. Between 1980 and 2020, the percentage of children age 19 years and younger became a smaller proportion of the total population, dropping from 32.4 percent to 25.7 percent in 2020. It is anticipated that the percentage of children will decrease somewhat through 2030, with the percentage of those 19 years old and younger decreasing to 23.2 percent.

The number of adults age 45 to 54 years peaked in 2008, as the first "baby boomers" entered into their fifties. This age group's sharp growth trend has since reversed, as the "baby boomers" move to the next age groups.

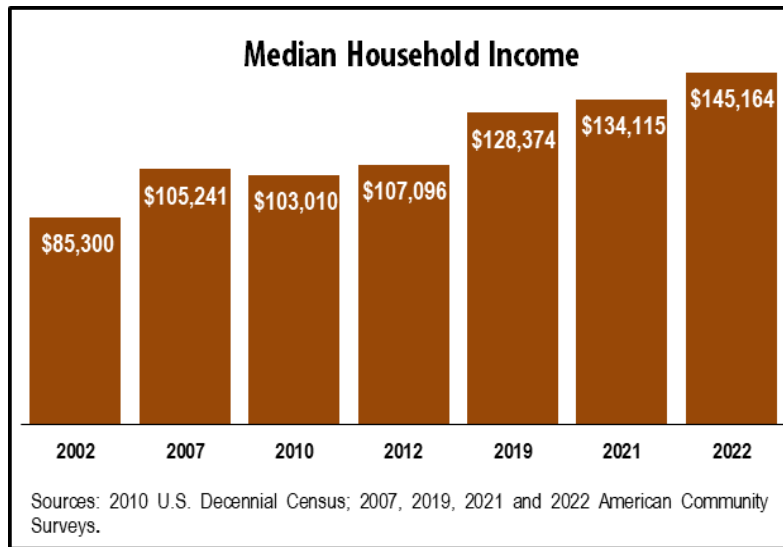
Between 1980 and 2020, the seniors' population, those age 65 years and older, tripled in size and was the fastest growing segment of County residents. This age group is expected to continue increasing in size, with its share of the population projected to reach 17.9 percent by 2030, up from 4.5 percent in 1980.

The age distribution of Fairfax County's population greatly impacts the demand and, therefore, the costs of providing many local government services. For example, the number, location, and size of school and day care facilities are directly affected by the number and proportion of children. Transportation expenditures for both street maintenance and public transportation are influenced by the number and proportion of driving age adults and their work locations. The growing number of persons age 65 years and older will influence expenditures for programs such as adult day care, senior centers, and health care.

Public safety programs also are impacted by age demographics. Crime rates, for example, are highest among persons age 15 to 34. In addition, the youngest and the oldest drivers have the greatest probability of being involved in traffic accidents.



Household Income



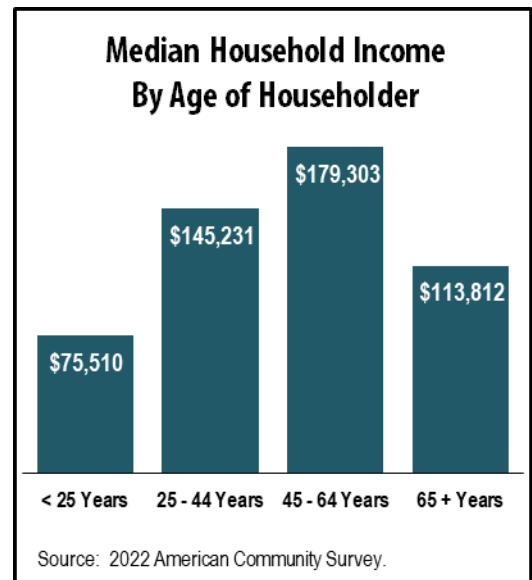
The median household income in Fairfax County was \$145,164 in 2022, one of the highest in the nation for counties with a population of 250,000 or more. Fairfax County's 2022 median household income increased 8.2 percent compared to 2021. Since 2000, median household income in the County has risen at a rate of 2.7 percent per year. It should be

noted that the American Community Survey did not publish median household income data for 2020.

Income growth does not directly impact Fairfax County tax revenues because localities in Virginia do not tax income; however, revenues are indirectly affected because changes in income impact the County's economic health. Tax categories affected by income include Sales Tax receipts, Residential Real Estate Taxes and Personal Property Taxes.

Incomes peak among persons aged 45 to 64 years, who are in their prime earning years. As the number of households headed by this age group is projected to shrink during the next 10 years, various tax revenues may be impacted. Sales Tax revenues, for instance, may experience more modest growth. The median income for heads of households between the ages of 45 and 64 was \$179,303 in 2022.

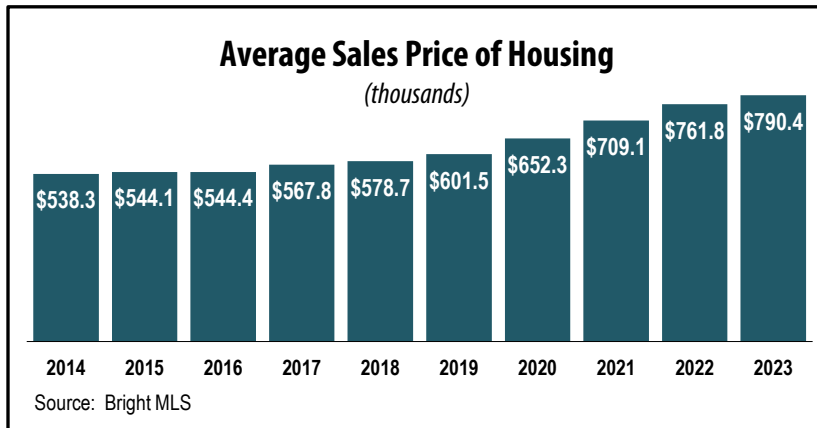
The median household income of people ages 65 or older drops to \$113,812. A population containing a larger number of seniors, age 65 and older, will put downward pressure on tax revenues. These senior households are typically on a fixed income and have less discretionary money to spend. In addition, persons in this age group own fewer motor vehicles and may qualify for Real Estate Tax Relief.



Economic Trends

Housing Market

In FY 2025, Real Estate Tax revenue is projected to comprise almost 66 percent of all General Fund revenues and residential properties make up the majority of the value of the Real Estate Tax base. As a result, the changes in the residential housing market have a very significant impact on Fairfax County's revenues.



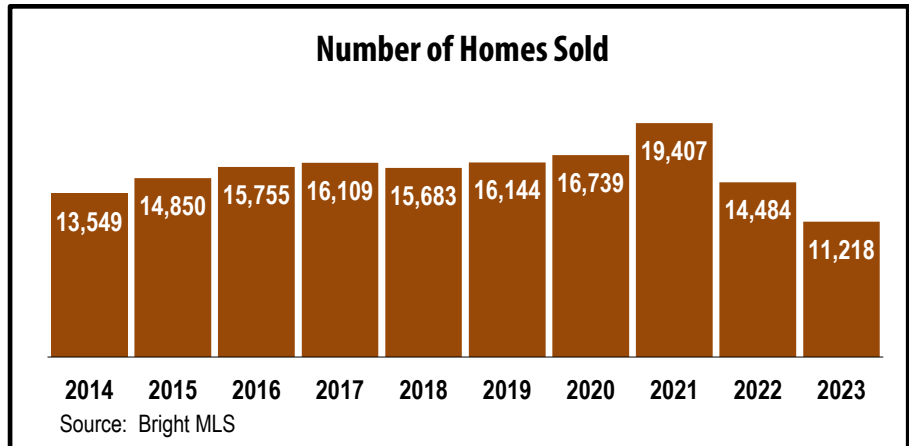
Average Sales Price of Housing

Based on data from Bright MLS, the average sales price for all types of homes sold in Fairfax County increased 3.75 percent from \$761,799 in 2022 to \$790,367 in 2023. Since bottoming

out in 2009, the average home sales price has risen 89.4 percent, or at an average annual growth rate of 4.7 percent.

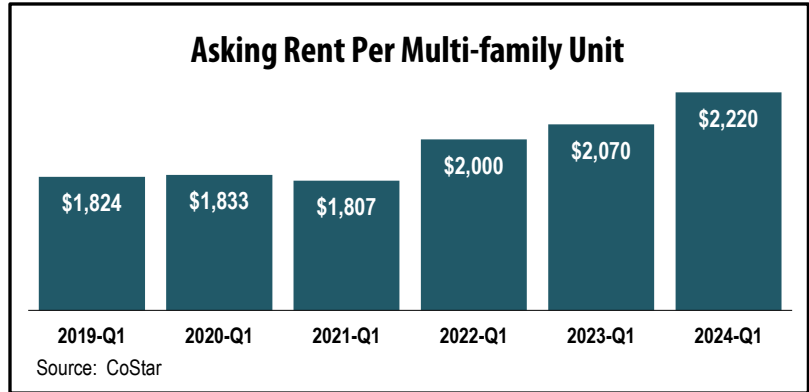
Homes Sold in Fairfax County

Based on data from Bright MLS, 11,218 homes were sold in Fairfax County during 2023, a 22.5 percent decrease from the 14,484 sold in 2022 and the lowest number of homes sold since 2014. The number of homes sold peaked in 2004, when 25,717 homes were sold. Before 2023, the lowest number of home sales was recorded in 2011, when 12,640 homes were sold. The average days on the market for active residential real estate listings in Fairfax County was 18 days for all of 2023, one day longer than in 2022.



Average Rent in Fairfax County

According to Census Bureau data, over 30 percent of the County's households occupy rental housing. Reflected on the chart is the monthly asking rent per multi-family unit in Fairfax County from the first quarter of 2019 to the first quarter of 2024. Over



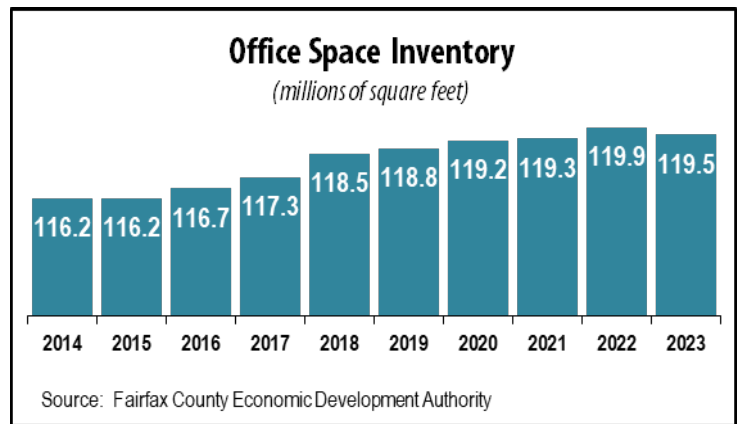
this period, the monthly asking rent has experienced an increase of 21.7 percent, or an average annual increase of 4.0 percent. The monthly asking rent increased by 10.7 percent for the year ending in the first quarter of 2022, an additional 3.5 percent the following year, and an additional 7.2 percent for the year ending in the first quarter of 2024.

Office Market

Business activity affects Real Estate Taxes, Business Personal Property Tax revenues and Business, Professional and Occupational License (BPOL) revenues. Business expansion also influences expenditures for water and sewer services, transportation improvements, police, and fire services, and refuse disposal. According to information from the Fairfax County Economic Development Authority, the commercial real estate market has not yet fully recovered from the effects of the pandemic.

Office Space Inventory

The largest component of non-residential space in the County is office space. The office space inventory exceeded 119.5 million square feet as of year-end 2023, a decrease of about 0.4 million square feet from 2022, due to a shrinking construction pipeline and an increase in office demolition activity. There were no

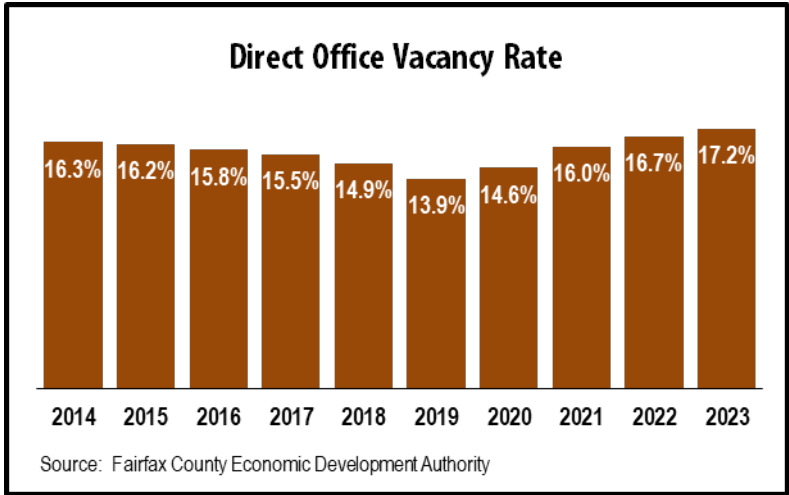


office projects that were delivered during 2023, but there were two office buildings demolished to accommodate the development of a data center. The two office buildings were vacant since delivery in 2013 and represent a replacement in tax revenue given the future use of the site. Since 2014, the total inventory of office space in Fairfax County has risen by about 3.3 million square feet.

Typically, the County would see construction levels above two million square feet year after year, but under the post-pandemic financial climate in which many developers are unable to obtain financing that would kickstart construction of a project, there is currently one million square feet under construction, across five buildings. Three of the office buildings under construction commenced work without a committed tenant but are expected to capture some of the trophy office demand due to location along the Silver Line and proximity to in-demand amenities.

Office Vacancy Rates

The direct office vacancy rate increased from 16.7 percent in 2022 to 17.2 percent as of year-end 2023, marking the fourth straight year of increased office vacancy. Demand for space near Metro stations remained strong while many older properties experienced increased vacancies. Including sublet space, the overall office vacancy rate as of year-end 2023 was 18.1 percent, up from the 17.8 percent recorded as of year-end 2022. The amount of empty office space increased to 21.6 million square feet. Total office leasing activity was about 6.2 million square feet in 2023, reflecting a slight



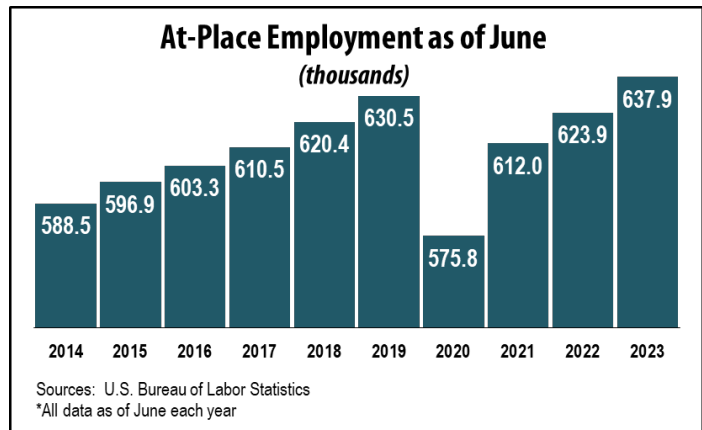
decrease from the 6.6 million square feet leased in 2022. For the second year in a row, leasing totals amounted to approximately two-thirds of the pre-pandemic average. While this could indicate a new normal, there is an expectation office leasing could continue its recovery once interest rates come down and more of the workforce returns to the office.

Employment

Employment serves as a gauge of the number of jobs created by businesses located in Fairfax County. Growth in both employment and the number of businesses generate increased tax revenues and additional expenditures for Fairfax County. Unemployment rates show the strength of the Fairfax County economy by indicating how many Fairfax County residents are actively seeking but are unable to obtain employment.

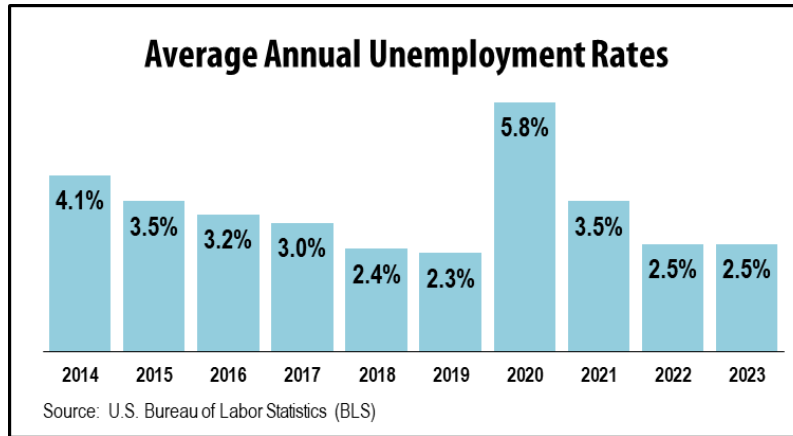
At-Place Employment

According to data from the Bureau of Labor Statistics (BLS), the number of jobs increased in 2015, after declines in 2013 and 2014 associated with reductions in federal spending that led to reduced federal employment and professional and business services employment. Employment increased steadily from 2015 to 2019 at an annualized rate of 1.4 percent.



In 2020, due to COVID-19 related shutdowns, employment decreased by 8.7 percent. In 2021, employment bounced back, increasing by 6.3 percent. Employment continued to grow in 2022 and 2023, increasing by 1.9 percent and 2.2 percent, respectively. Total employment of 637,903 has surpassed its pre-pandemic level of 2019.

Unemployment Rates



During the last decade, residents of Fairfax County have experienced relatively low unemployment rates. In the aftermath of the Great Recession, the unemployment rate fell steadily each year until 2019, before spiking in 2020 due to COVID-19 pandemic related shutdowns. It

began to fall back again in 2021, and by 2022, the unemployment rate of 2.5 percent was nearly at its pre-pandemic levels. Based on the latest data from BLS, the unemployment rate in Fairfax County remained at 2.5 percent in 2023.