



DEPARTMENT OF MANAGEMENT AND BUDGET

FAIRFAX COUNTY ECONOMIC INDICATORS ©

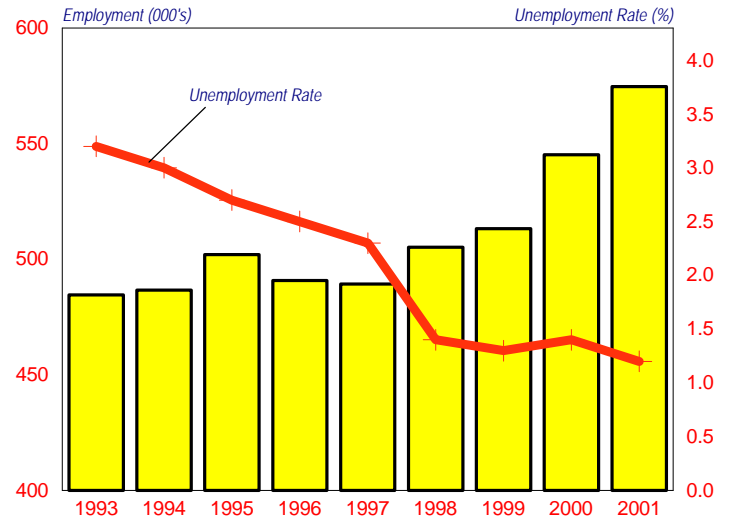
Publication 105

APRIL 2001

APRIL HIGHLIGHTS

- The March unemployment rate in Fairfax County increased slightly to 1.2 percent.
- April Sales Tax receipts for Fairfax County were 6.0 percent lower than April 2000, and fiscal year-to-date growth was 4.8 percent.
- Growth in new dwelling permits was mixed while residential repair and alteration permits were down sharply through March.
- Homes sales data through March show that sales volume was up for existing homes but down for new homes, and that median sales prices were up for both categories.
- After a one-month rebound in March, the Consumer Confidence Index fell again in April due to deteriorating business conditions and less favorable employment prospects.
- In February, both the Fairfax County Coincident and Leading Index declined. Despite all leading elements of the economy pointing to slower growth, Fairfax County has yet to feel any significant impact. The labor market has not softened because job growth has been sufficient to absorb laid-off workers. However, given the current level of job growth, consumer spending is weaker than expected. Because the economy cannot accelerate without consumer spending, consumer pessimism could cause the rest of the economy to slow, creating a self-fulfilling prophecy.
- The Metropolitan Washington Coincident and Leading Indices both declined in February. The trend lines for the Indices appear to have peaked in late 2000 and have now been trending lower. This pattern is similar to mid-1994, a prelude to 1995 having the slowest growth rate of the post-recession 90's.

RESIDENTIAL EMPLOYMENT - MARCH



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

According to the Virginia Employment Commission (VEC), the March unemployment rate in Fairfax County increased slightly to 1.2 percent from 1.1 in February. That rate was 0.2 points lower than the March 2000 rate of 1.4 percent.

Statewide, the March unemployment rate remained unchanged at 2.4 percent. Although this figure was slightly higher than the March 2000 level of 2.1 percent, it was still substantially below the March 2001 U.S. unemployment rate of 4.6 percent. According to the VEC, two factors kept the unemployment rate at 2.4 percent in March. The first is that cool, wet weather delayed the normal springtime start of outside work by about two weeks. The second factor was the continuing temporary inventory adjustment furloughs at textile, apparel, furniture, foods, and motor vehicle parts producers. The VEC expects unemployment to decrease from March to April as springtime activities peak and large numbers of tourists visit Virginia.



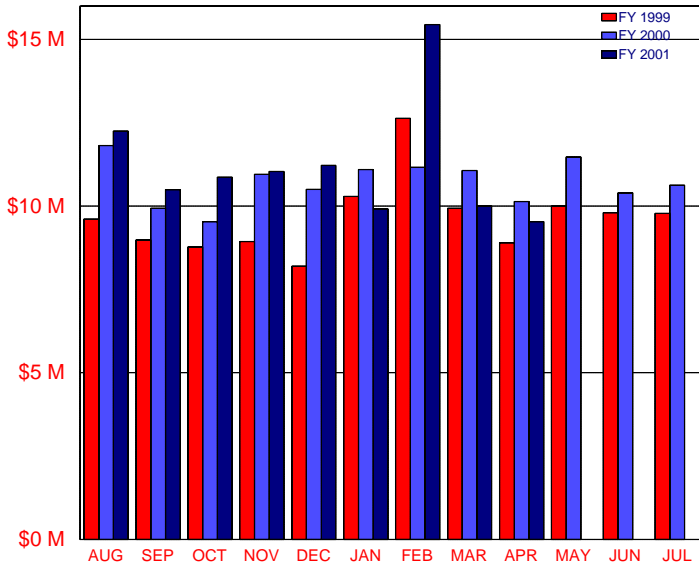
The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

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



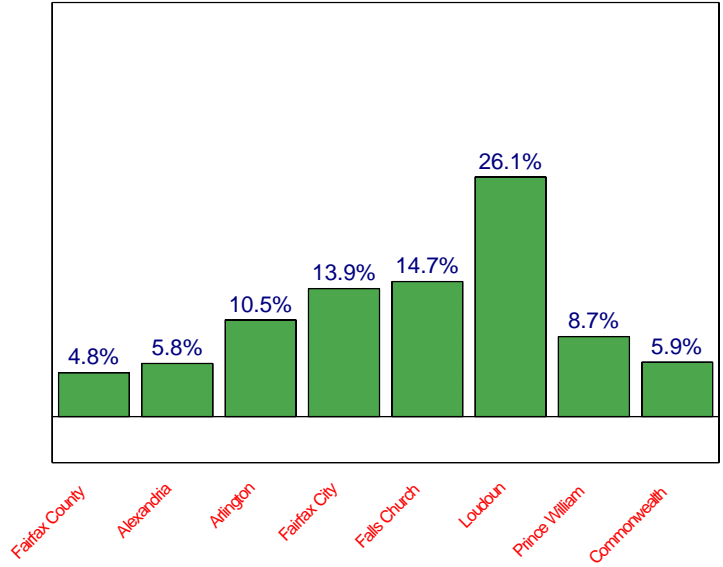
SALES TAX REVENUES

(revenues represent retail sales two months prior)



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

FY 2001 SALES TAX RECEIPTS THROUGH APRIL



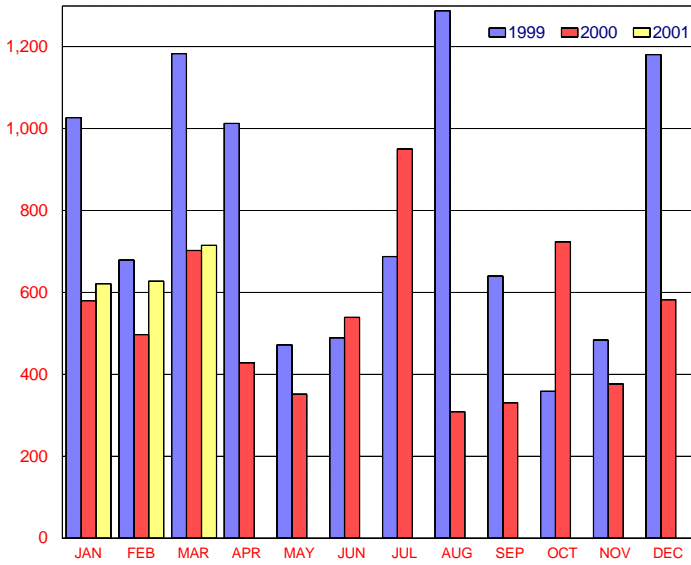
Source: Virginia Department of Taxation
Compiled by the Fairfax County Dept. of Management and Budget

April Sales Tax receipts for Fairfax County, representing retail purchases made in February, were \$9.5 million—6.0 percent lower than April 2000. Fiscal year-to-date, Sales Tax receipts were 4.8 percent above the same period last year.

In March, seasonally adjusted advance retail sales estimates for the U.S. declined 0.2 percent from February, but were 1.9 percent above March 2000 according to the Commerce Department. Durable goods sales decreased 0.7 percent from February and were 1.0 percent below March of last year. Building materials sales were down 3.7 percent from March 2000. March nondurable goods sales increased 0.1 percent over February and were 3.9 percent above March a year ago. Drug stores sales were up 13.5 percent over last year and sales from eating and drinking establishments were up 4.6 percent over March 2000.

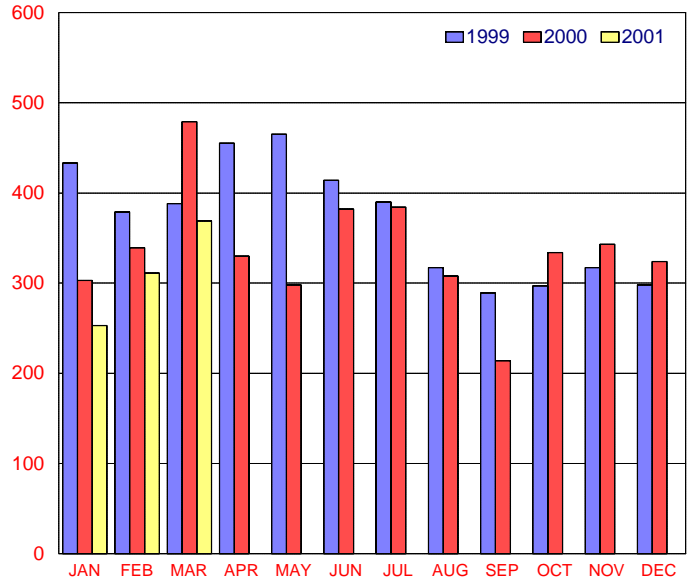
Through the first nine months of FY 2001, Sales Tax receipts in the Northern Virginia area have shown strong to moderate growth. Loudoun County continues to show significant growth—up 26.1 percent over the same period last year. Falls Church and Fairfax City have also shown robust year-to-date growth at 14.7 and 13.9 percent respectively. Arlington County was the only other area jurisdiction with double-digit growth at 10.5 percent. Prince William County was 8.7 percent above the same period last year, Alexandria has grown 5.8 percent, and Fairfax County was 4.8 percent higher than last year. Sales Tax receipts were up 5.9 percent Statewide over the same period a year ago.

**NUMBER OF RESIDENTIAL BUILDING PERMITS
NEW DWELLINGS**



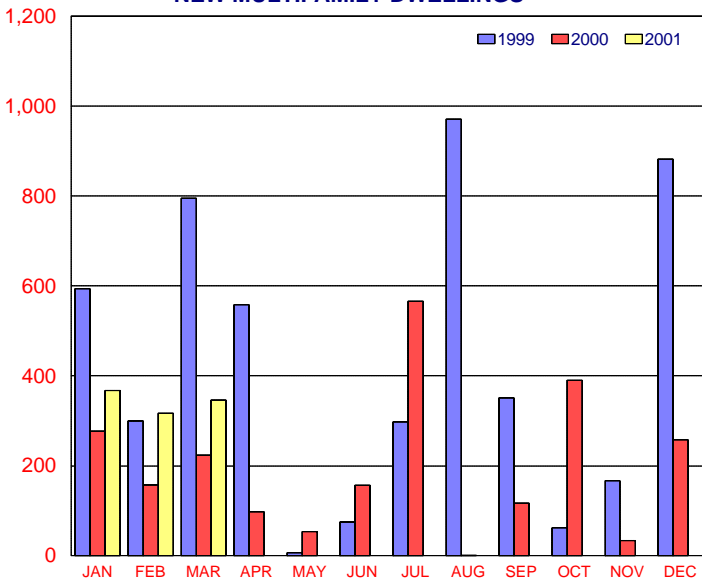
Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

**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**

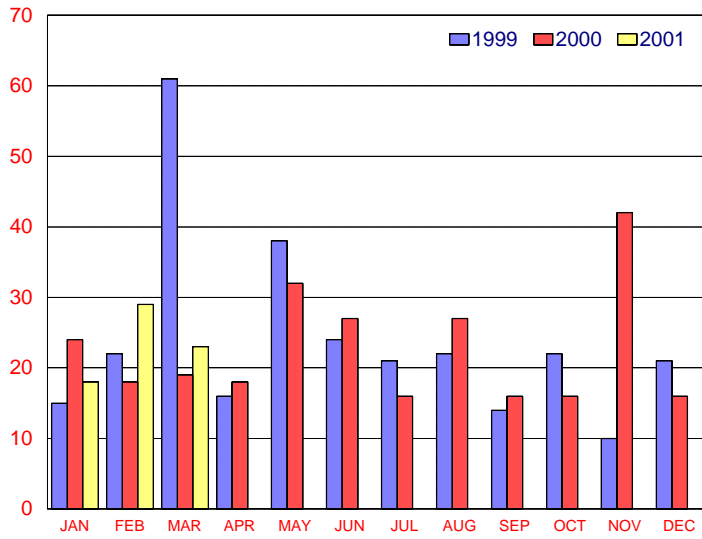


Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

Year-to-date, growth in new residential permit categories has been mixed. In total, new residential dwelling permits were up 10.3 percent, or 184 permits, through March. Multifamily permits were up 56.5 percent, or 372 permits, while single family permits were down 16.8 percent, or 188 permits, over the same period.

Residential repair and alteration permits, however, were down sharply year-to-date. Through March, issues of residential repair and alteration permits decreased 56.3 percent, or 2,953 permits, from the same period last year.

**NUMBER OF NONRESIDENTIAL BUILDING PERMITS
NEW STRUCTURES**

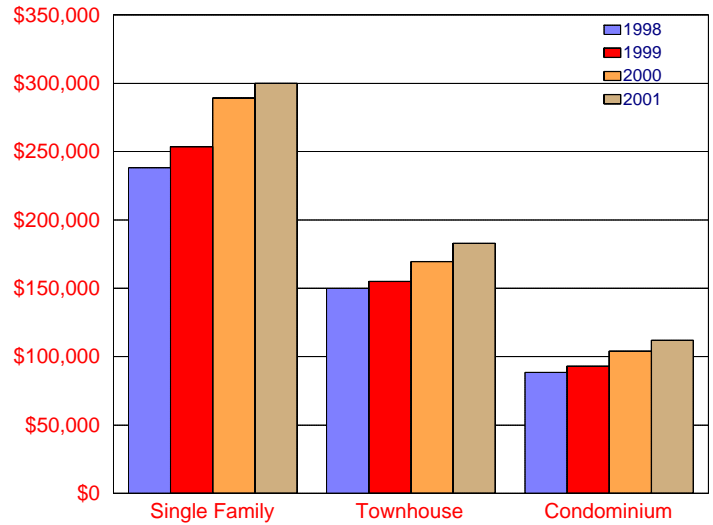


Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

Nonresidential building permits issued through March were up 14.8 percent, or 9 permits, from the same period in 2000. Nonresidential repair and alterations permits, however, were down 19.5 percent, or 228 permits, year-to-date.

HOME SALES IN FAIRFAX COUNTY

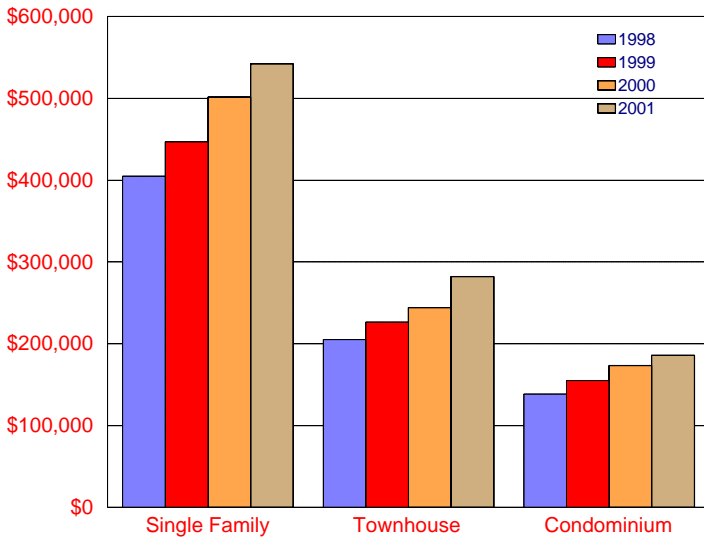
**MEDIAN PRICE OF EXISTING HOMES SOLD
MARCH 2001 COMPARED TO
ANNUAL MEDIAN PRICES 1998 - 2000**



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

According to home sales data through the end of March 2001, existing homes in Fairfax County have experienced moderate growth in median sales prices. For existing single family homes, the median was \$300,000 compared to the 2000 median of \$289,000—growth of 3.8 percent. The median sales price for townhomes grew 7.9 percent from \$169,500 in 2000 to \$182,900 through March 2001. The median for condominiums increased from \$103,945 to \$112,000, representing growth of 7.8 percent.

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

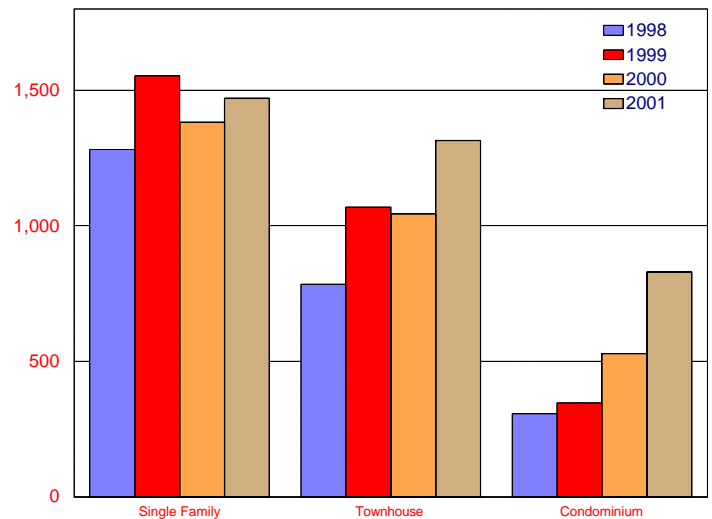


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Changes in selling prices, coupled with the volume of sales, are generally considered to be 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 the selling prices within neighborhoods.

Growth in median sales prices for new homes was moderate to strong according to sales data through March 2001. The median sales price for a new single family home was \$542,135, an increase of 8.1 percent, or \$40,715, over the 2000 median. New townhomes have increased 15.5 percent, from \$244,067 to \$281,990, while the median for condominiums grew from \$173,226 to \$185,990, or 7.4 percent, over the same period.

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



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

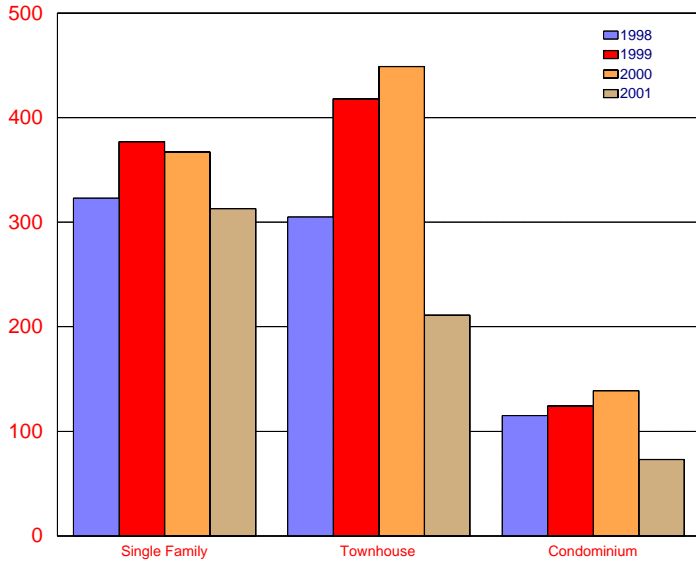
**PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD
YEAR-END 2000 COMPARED TO 2001 THROUGH MARCH**

	Existing Sales	New Sales
Single Family	3.8	8.1
Townhouse	7.9	15.5
Condominium	7.8	7.4

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

Existing home sales volume was up sharply for townhomes and condominiums and up moderately for single family homes according to sales data through March 2001. Single family home sales rose 88 units, or 6.4 percent, from 1,382 to 1,470. Townhome sales increased 26.0 percent from 1,044 to 1,315, while condominium sales were up 57.0 percent from 528 to 829 year-to-date.

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

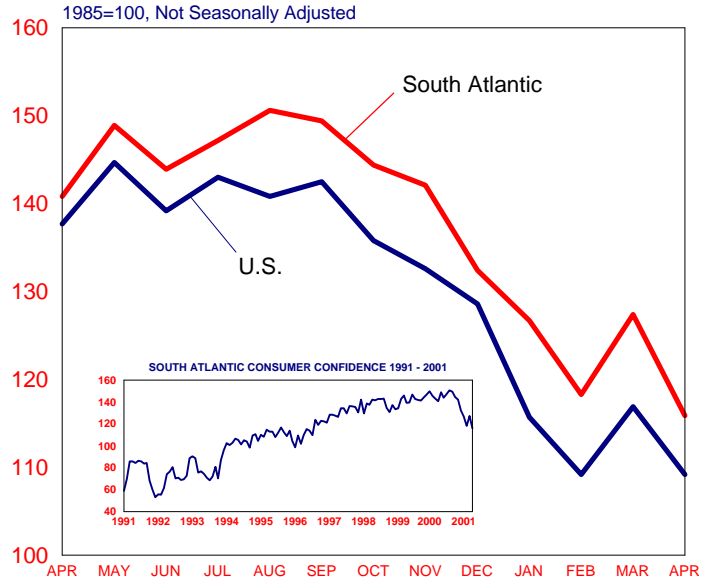


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

New home sales volume through March was down across all housing categories compared to the same period last year. New townhome sales have fallen from 449 in 2000 to 211 in 2001—a decline of 53.0 percent. New condominium sales decreased 47.5 percent, from 139 to 73, while single family home sales have fallen 14.7 percent, from 367 to 313.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDEX

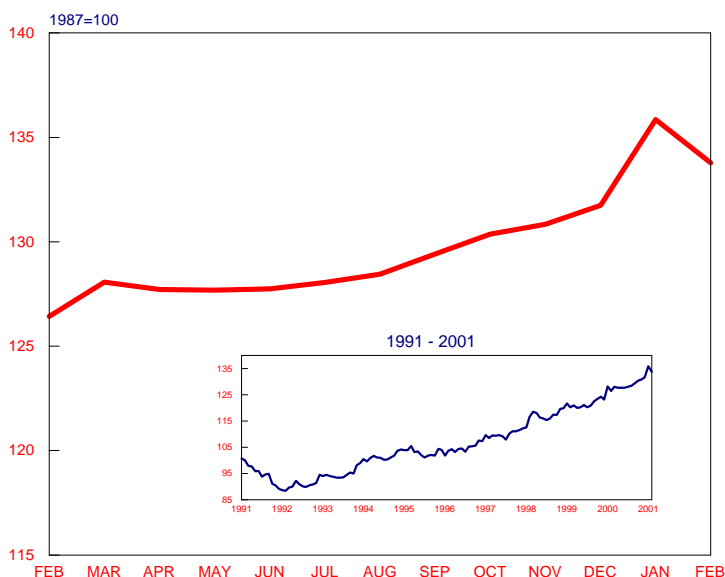


Source: Conference Board
Compiled by the Fairfax County Dept. of Management and Budget

The Conference Board's Consumer Confidence Index declined in April following a rebound in March. The Index now stands at 109.2, down from 116.9 in March. Consumers' confidence in current economic conditions fell 7.1 percent from March, while their short-term outlook fell 5.9 percent. According to Lynn Franco, Director of The Conference Board's Consumer Research Center, deteriorating business conditions and a less favorable job market were the two major reasons for the decline in confidence. Consumers were also less optimistic about the short-term outlook as a result of growing concern over job prospects. The South Atlantic Consumer Confidence Index was 115.9 in April, a 9.0 percent decrease from March.

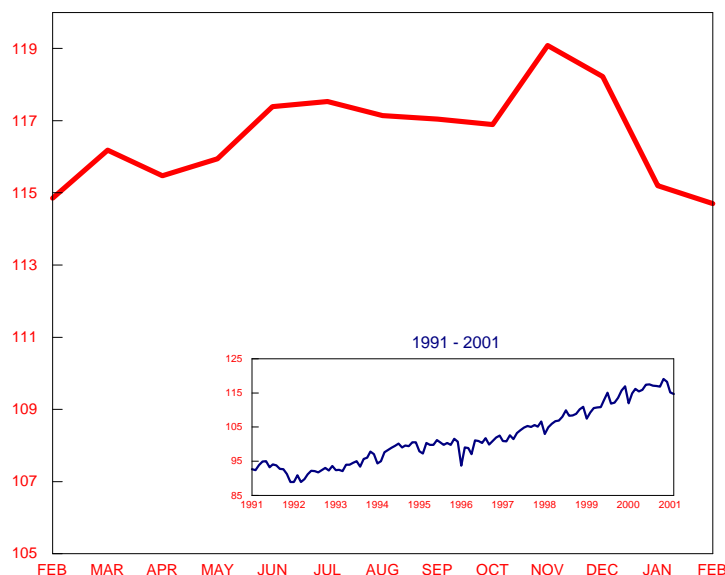
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices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

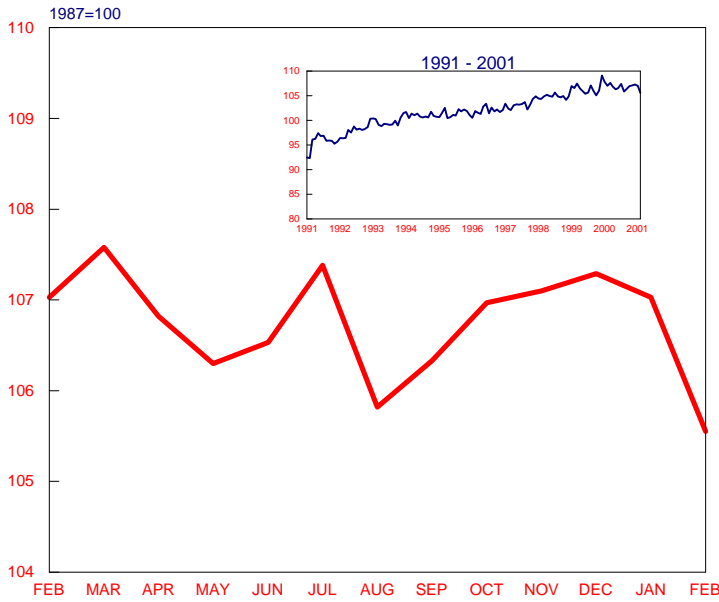
The Fairfax County Coincident Index, which represents the current state of the County's economy, decreased to 133.8 in February—a 1.5 percent decline from January. This was the first monthly decline since May 2000 and the Index has now increased 5.8 percent over the last 12 months. In February, three of the Index's four components contributed to its decline. Transient occupancy tax collections, adjusted for inflation and seasonal variation, were down from January's unusually strong performance. Sales tax collections, also adjusted for inflation and seasonal variation, declined sharply from solid gains in January and December, and consumer confidence continued its downward trend, decreasing for the fourth time in five months. However, total employment continued to grow, extending its streak of consecutive month-to-month growth to 61 months dating back to January 1996.



The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, decreased in February to 114.7—a decline of 0.4 percent from January. With February's decline, the Index has been down in six of the last seven months and is 0.2 percent below the same month last year. In February, three of the Index's four components contributed to its decline. Domestic passenger volume at Dulles and Reagan Airports recorded its second decline in three months, and consumer confidence continued its downward trend, dropping for the fourth time in five months. Nondurable goods retail sales were down marginally and continued to trend lower, having decreased in five of the last six months. Total wage and salary employment, however, was up in February after experiencing its usual seasonal decline in January and continued to register strong monthly over-the-year gains.

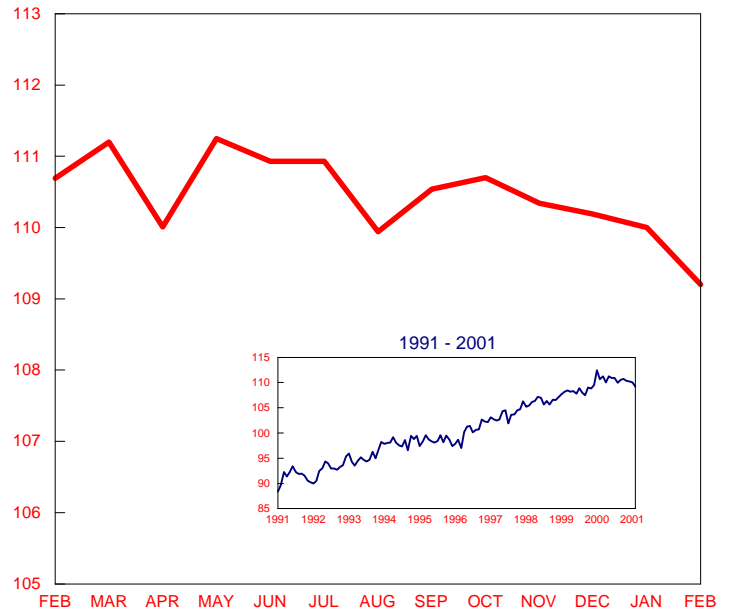


FAIRFAX COUNTY LEADING INDEX



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

METROPOLITAN LEADING INDEX

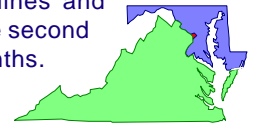


Source: Center Regional Analysis, George Mason University
Compiled by the Fairfax County Dept. of Management and Budget

The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in advance, declined to 105.6 in February—a 1.4 percent decrease from January. The Index has fallen below last year's same-month values for three consecutive months and is now below its 12 month moving average. The Index was 1.4 percent below its February 2000 level. Four of the Index's five components contributed to its decline in February. New automobile registrations declined following a strong performance in January, and initial claims for unemployment insurance increased sharply (worsened) for the second time in three months. In addition, consumer expectations (consumer confidence six months hence) were lower for the fifth time in six months, and residential building permits decreased following two monthly gains. However, the total value of residential building permits increased for the fourth time in five months.



The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 9 to 12 months in advance, decreased to 109.2 in February for a decline of 0.7 percent. The Leading Index has now been down for four consecutive months and continues to track lower than its historic trend line. In February, three of the index's five components contributed to its decline. Consumer expectations (consumer confidence six months hence) fell for the third consecutive month and the Help Wanted Index declined in February after being up in January. Initial claims for unemployment insurance increased (worsened) for the third time in four months. However, total residential building permits increased following three monthly declines and durable goods retail sales were up for the second month and for the fourth time in five months.



Inquiries should be directed to:

**The Department of Management and Budget
12000 Government Center Parkway, Suite 561
Fairfax, Virginia 22035-0074
(703) 324-2391 or 1-800-828-1120 (TDD)**

Staff: Susan Datta, Assistant Director; Marcia Wilds, Matt Royslance, analysts; and Frann Shurnitski, technical support.

Printed on recycled paper.

