



# ECONOMIC INDICATORS <sup>©</sup>

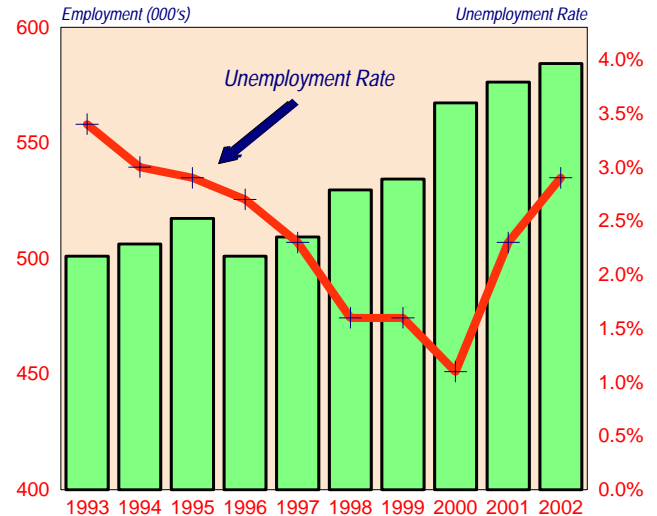
FAIRFAX COUNTY  
DEPARTMENT OF MANAGEMENT AND BUDGET

SEPTEMBER 2002

## In this issue . . .

- The July unemployment rate in Fairfax County decreased to 2.9 percent—a 0.3 point decrease from June.
- Sales Tax receipts in Fairfax County have declined 3.3 percent during the first two months of FY 2003.
- The overall growth rate of new residential permits has decreased by 1.9 percent year-to-date. Through August, multifamily permits are up 9.2 percent, while single family permits are down 10.0 percent.
- According to homes sales data through July, sales volume was up for existing homes and down for new homes, except for new townhomes which were up 7.7 percent. Median sales prices showed growth for both existing and new home sales.
- Consumer Confidence fell again in September. Consumers' assessments of labor conditions were less optimistic than last month.
- In July, both the Metropolitan Washington Coincident and the Fairfax County Coincident Indices declined. Sluggish job growth and uncertainty among investors and consumers has decelerated the recovery process in the local economy.
- Both the Fairfax County and Metropolitan Washington Leading Indices decreased in July. Despite the decrease, both leading indices are continuing to track above their historical trend lines, indicating that the region's economy will continue its upward trend through the end of 2002 and into 2003.

## RESIDENTIAL EMPLOYMENT - JULY



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

According to the Virginia Employment Commission (VEC), the July unemployment rate in Fairfax County fell 0.3 percentage points from June's revised unemployment rate. Nevertheless, the July rate of 2.9 percent was still 0.6 points higher than the July 2001 rate of 2.3 percent.

Statewide, the unemployment rate fell 0.2 points to 4.1 percent in July. The July jobless rate was 0.4 points above the July 2001 jobless rate of 3.7 percent, and the highest July unemployment rate in five years. The increase in unemployment was due to adult workers on vacation and summer factory furloughs. According to the VEC, there were also some permanent layoffs in the Northern Virginia telecom industry as a result of financial and accounting problems revealed over the last year.



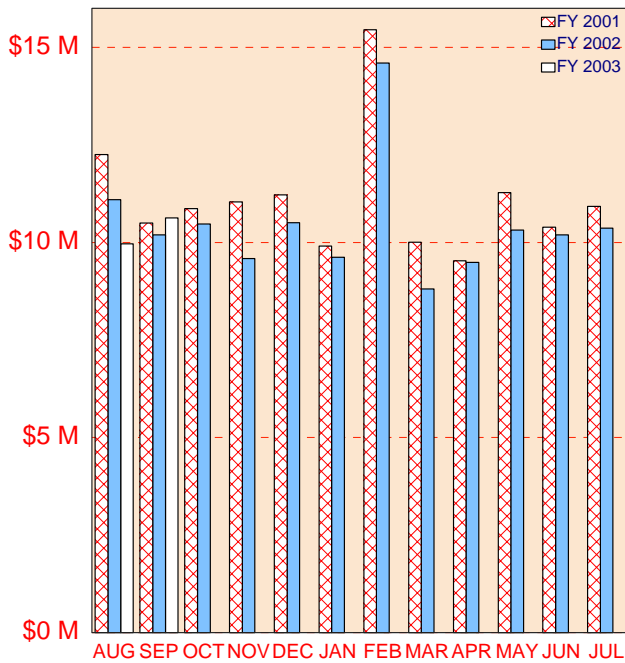
The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

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



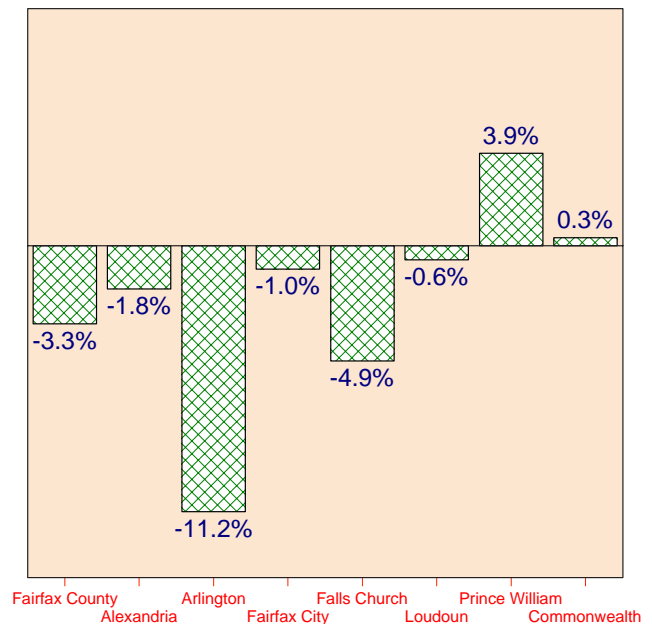
**SALES TAX REVENUES**

(revenues represent retail sales two months prior)



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

**FY 2003 SALES TAX RECEIPTS  
SEPTEMBER 2002**



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

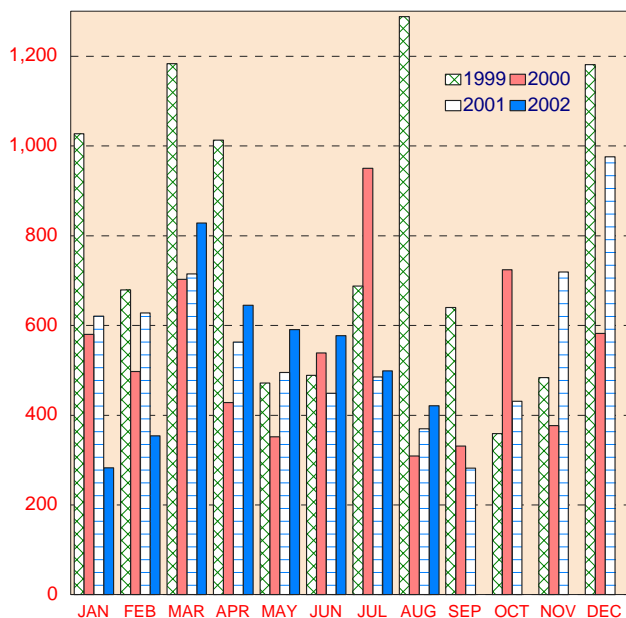
Fiscal year-to-date, Sales Tax receipts are 3.3 percent lower than the same period last year. While September Sales Tax receipts, which represent purchases made in July, increased 4.2 percent over September 2001, the positive growth was due to filing anomalies. The Virginia Department of Taxation indicated that the September distribution included receipts from two of the top 20 retail establishments that had filed late last month so that their sales tax had not been included in the August distribution to localities. The late filing contributed to the County's 10 percent decline in receipts in August and affected all Northern Virginia localities.



Sales Tax receipt growth for the first two months of FY 2003 has been negative among all the Northern Virginia localities, except for Prince William County. These receipts correspond to retail purchases made in June and July. Sales Tax receipts are down 1.0 percent in Fairfax City, 11.2 percent in Arlington, 3.3 percent in Fairfax County, 1.8 percent in Alexandria, 4.9 percent in Falls Church, and 0.6 percent in Loudoun, year-to-date. Prince William County has experienced positive growth of 3.9 percent, year-to-date. During this same period, Statewide Sales Tax receipts are up 0.3 percent.

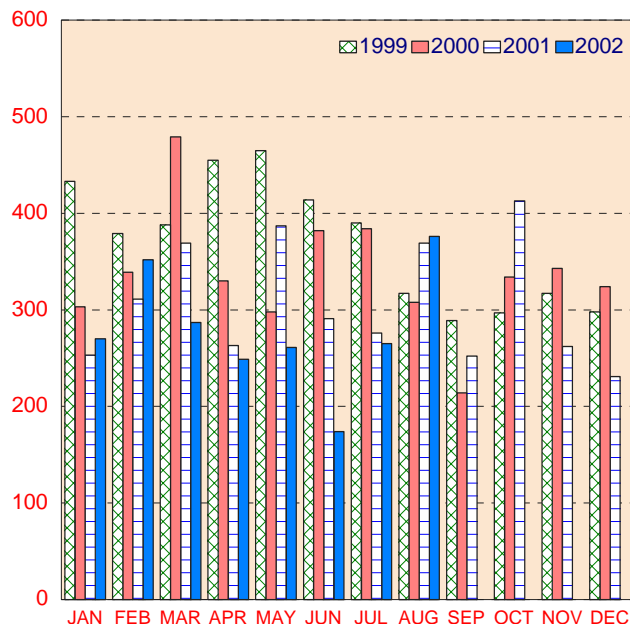
According to the Commerce Department, seasonally adjusted preliminary retail sales estimates for the U.S. in August increased 0.8 percent over July, and were up 5.2 percent over August 2001. Compared to last year, health and personal care store sales were up 7.2 percent, building materials and garden equipment sales were up 5.8 percent, motor vehicle and parts dealers were up 9.8 percent, and gasoline station sales were the same as August last year.

**NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW DWELLINGS**



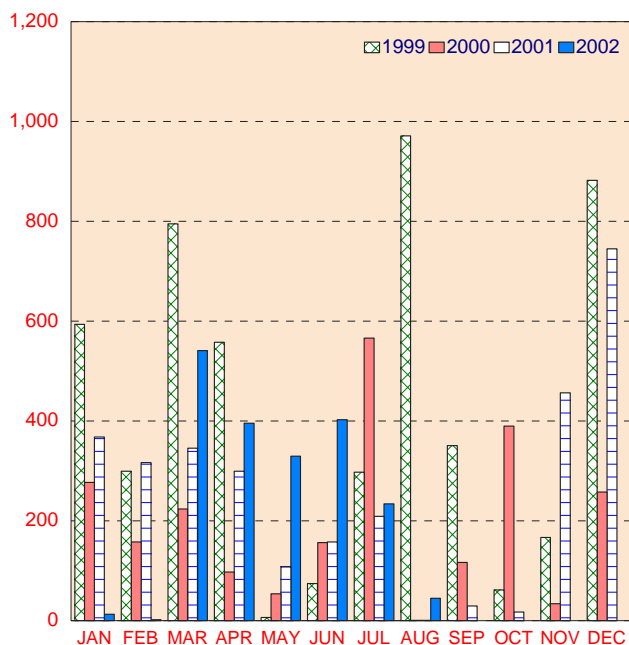
Source: Department of Public Works and Environmental Services  
Compiled by the Fairfax County Dept. of Management and Budget

**NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR 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 ISSUED MONTHLY FOR NEW MULTIFAMILY DWELLINGS**



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

Note: In August 2000 and 2001, only one multifamily permit was issued and in February 2002, only two permits were issued; therefore, the bars are too small to discern.

The overall growth rate of new residential permit categories has decreased 1.9 percent, year-to-date. Through August, new residential dwelling permits are down 3.4 percent, or 133 permits. Multifamily permits are up 9.2 percent, or 165 permits, year-to-date, while single family permits are down 10.0 percent, or 247 permits, over the same period.

Residential repair and alteration permits are up year-to-date. Through August, issues of residential repair and alteration permits have increased by 5.4 percent, or 416 permits, from the same period last year.

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

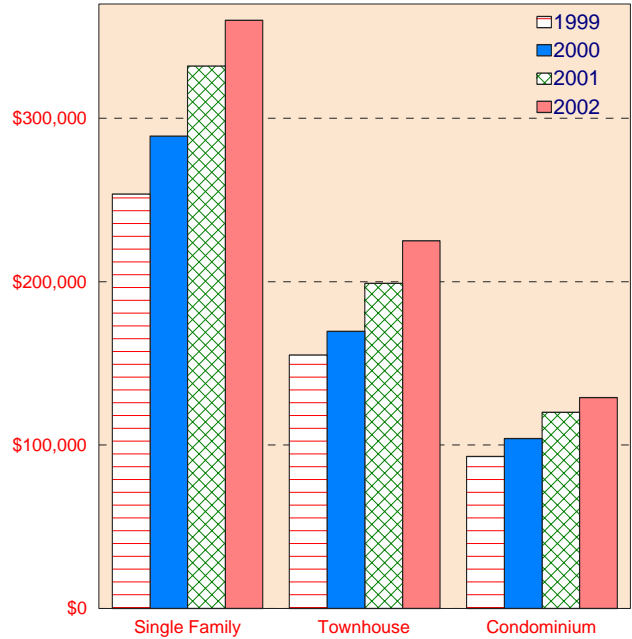


Source: Department of Public Works and Environmental Services  
Compiled by the Fairfax County Dept. of Management and Budget

Nonresidential building permits issued through August are down 33.1 percent, or 51 permits, from the same period in 2001. Nonresidential repair and alterations permits are down 13.8 percent, or 377 permits, year-to-date.

**HOME SALES IN FAIRFAX COUNTY**

**MEDIAN PRICE OF EXISTING HOMES SOLD JANUARY - JULY 2002 COMPARED TO ANNUAL MEDIAN PRICES 1999 - 2001**

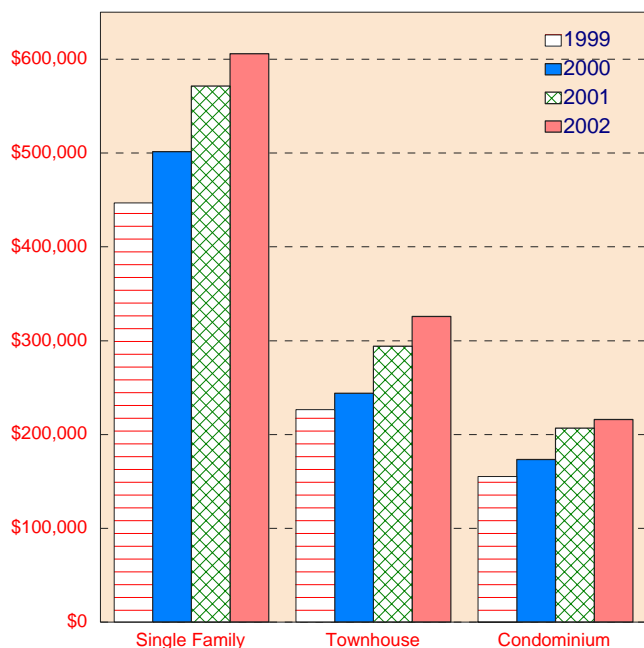


Source: Department of Tax Administration  
Compiled by the Fairfax County Dept. of Management and Budget

According to home sales data through July 2002, existing homes in Fairfax County experienced positive growth in median sales prices. For existing single family homes, the median sales price was \$369,894 compared to the 2001 median of \$330,500—growth of 11.9 percent. The median for townhomes grew 15.6 percent from \$199,000 in 2001 to \$230,000 and the median for condominiums increased from \$119,000 to \$132,500 representing growth of 11.3 percent.



**MEDIAN PRICE OF NEW HOMES SOLD  
JANUARY - JULY 2002 COMPARED TO  
ANNUAL MEDIAN PRICES 1999 - 2001**



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

Through July 2002, growth in median sales prices for new homes has remained positive. The median sales price for a new single family home was \$605,818, an increase of 6.2 percent over the 2001 median. New townhomes increased 10.5 percent, from \$294,928 to \$325,838. The median sales price for condominiums increased 4.1 percent, from \$207,650 to \$216,160.

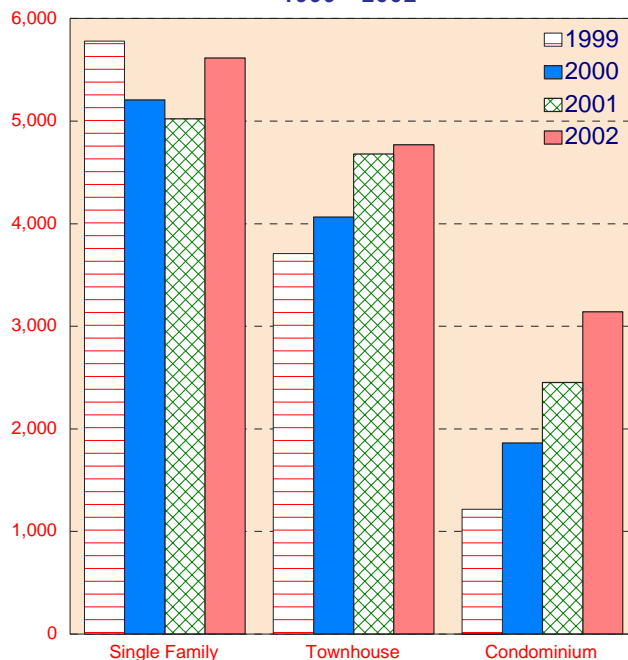
**PERCENTAGE CHANGE IN MEDIAN PRICE OF  
HOMES SOLD YEAR-END 2001 COMPARED  
TO SALES THROUGH JULY 2002**

	Existing Sales	New Sales
Single Family	11.9	6.2
Townhouse	15.6	10.5
Condominium	11.3	4.1

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 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.

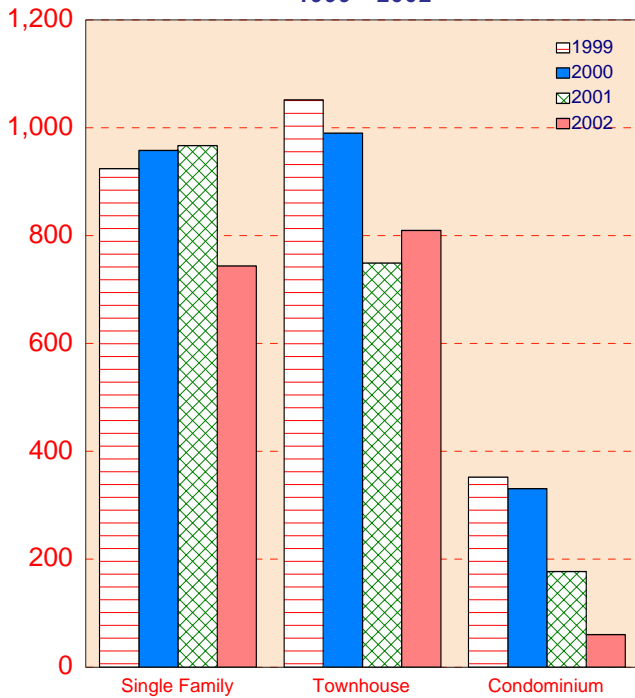
**NUMBER OF EXISTING HOMES  
SOLD THROUGH JULY  
1999 - 2002**



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

Existing home sales volume was up for all homes through July 2002. Single family home sales increased 11.3 percent, from 5,042 to 5,614. Townhome sales increased 1.5 percent from 4,699 to 4,768 while condominium sales were up 25.1 percent from 2,512 to 3,142 year-to-date.

**NUMBER OF NEW HOMES SOLD THROUGH JULY 1999 - 2002**

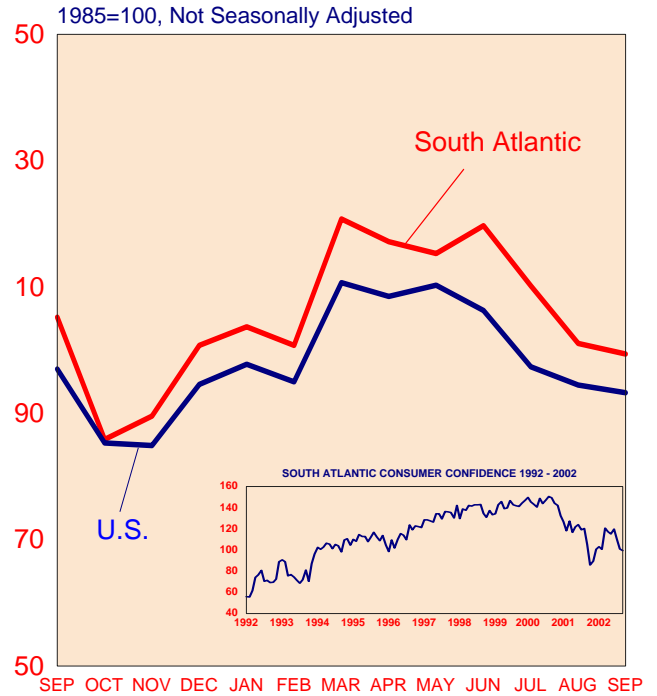


Source: Department of Tax Administration  
Compiled by the Fairfax County Dept. of Management and Budget

New home sales volume was down for single family homes and condominiums but up for townhomes through July 2002. New condominium sales fell from 180 in 2001 to 60 in 2002—a decline of 66.7 percent. New townhome sales increased 7.7 percent, from 752 to 810, while single family home sales fell 23.5 percent, from 973 to 744 year-to-date.

**ADDITIONAL INDICATORS**

**CONSUMER CONFIDENCE INDEX**

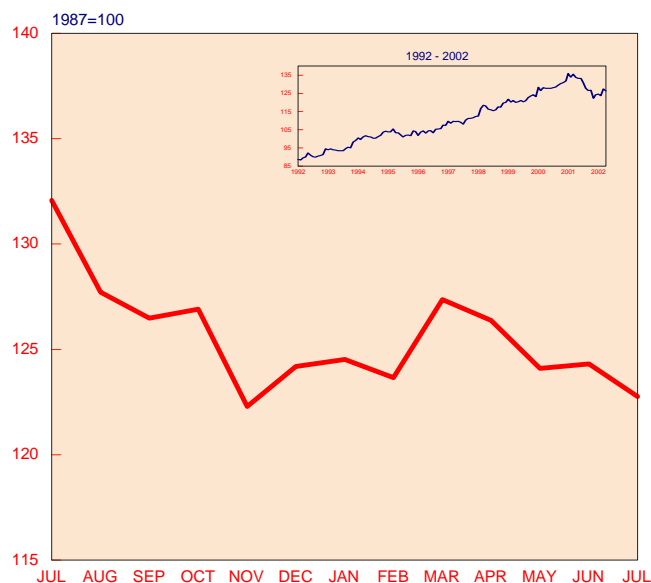


The Conference Board reports that the Consumer Confidence Index, which had fallen in the last three months, fell again in September. The Index now stands at 93.3, down 1.2 points from last month, and is at its lowest level since November 2001. The Consumer Confidence Index is composed of two separate 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 September, the Present Situation Index fell 4.6 points from last month to 88.5. According to Lynn Franco, Director of the Conference Board's Consumer Research Center, weak labor market conditions have affected consumer confidence, but consumers seem to be more optimistic about the short-term outlook than last month. The Expectations Index increased in September, from 95.5 to 96.5, as consumers are expecting more jobs to become available in the next six months.

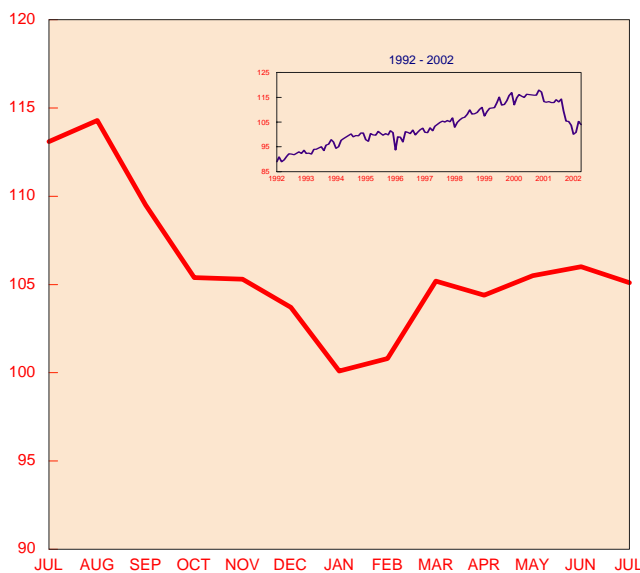
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices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

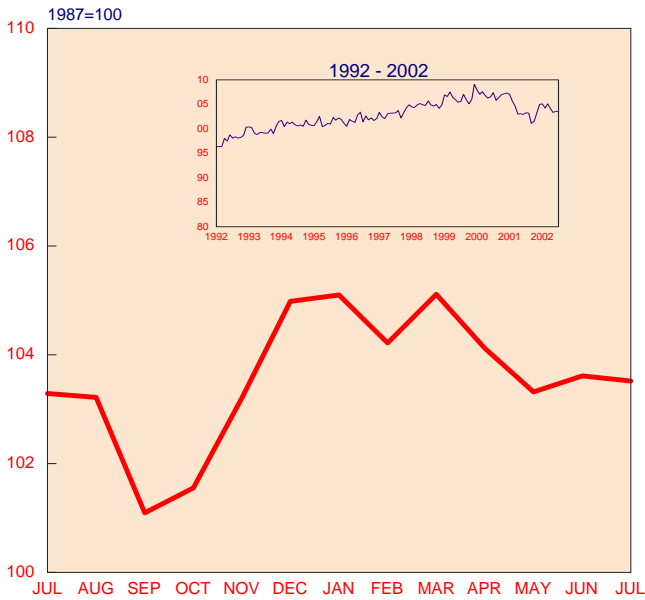
The Fairfax County Coincident Index, which represents the current state of the County's economy, decreased to 122.8 in July—a 1.3 percent decrease from June. The Index has been down in three of the last four months and is 3.7 percent below its July 2001 level indicating a slowing of the economic recovery. In July, three of the Index's four components contributed to its decrease. Total employment decreased for the third time in four months, consumer confidence decreased following two monthly increases and transient occupancy tax collections, adjusted for inflation and seasonal variation, decreased for the fifth month in a row. Sales tax collections, adjusted for inflation and seasonal variation, increased after declining for three consecutive months.



The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, decreased to 105.1 in July—a 0.8 percent decline from June. The Index's decline followed gains in May and June and is now 5.8 percent below its July 2001 level. The loss of jobs in July contributed to the decline in the Index. In July, two of the Index's four components contributed to its decline. Total wage and salary employment decreased following five consecutive monthly gains and consumer confidence declined after increasing in May and June. Domestic passenger volume at Dulles and Reagan Airports increased for the second month in a row and nondurable goods retail sales were up for the second time in three months.

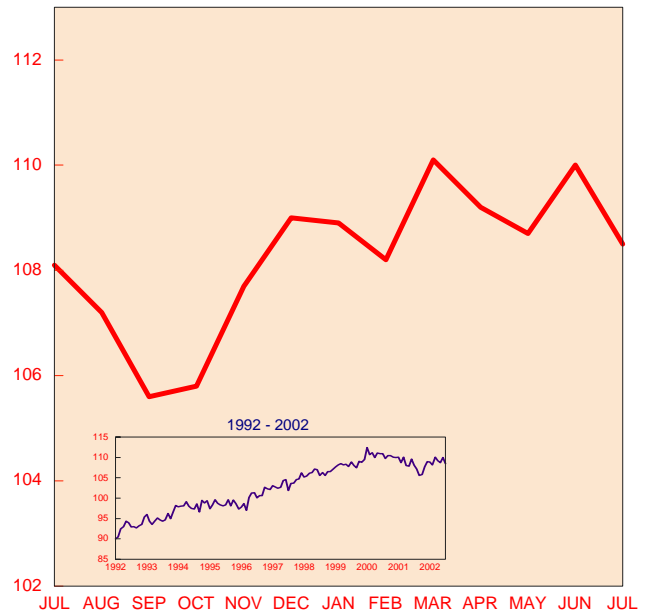


**FAIRFAX COUNTY LEADING INDEX**



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

**METROPOLITAN LEADING INDEX**

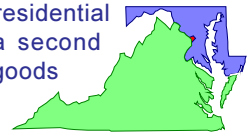


Source: Center Regional Analysis, George Mason University  
Compiled by the Fairfax County Dept. of Management and Budget

The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in advance, decreased to 103.5 in July—a 0.08 percent decrease from June. Despite the decrease in the Index, it continues to track above its historical trend line and points to acceleration in the economy through the fourth quarter of 2002 and into 2003. In July, three of the Index's five components contributed to its decline. Initial claims for unemployment insurance increased (worsened) for the third time in four months and consumer expectations fell sharply after increasing in June. Residential building permits also declined for the fourth month in a row. The total value of residential building permits increased sharply after declining in June and new automobile sales increased.



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 108.5 in July, down 1.3 percent from its July 2001 level. While the Index has decreased in three of the last four months, it has still exceeded its same-month values for five months in a row. The Index has also remained above its 12-month moving average trend line. In July, three of the Index's five components contributed to its decline. Consumer expectations declined sharply in July and have been down in three of the last four months. Initial claims for unemployment insurance increased (worsened) sharply and the Help Wanted Index decreased for the first time since February. Total residential building permits were up for a second consecutive month and durable goods retail sales increased following two monthly declines.



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