



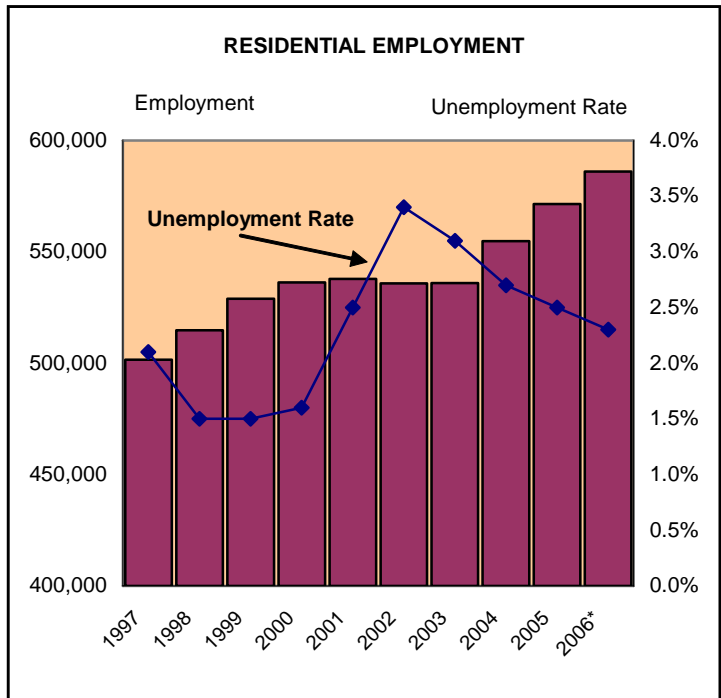
ECONOMIC INDICATORS®

FAIRFAX COUNTY
DEPARTMENT OF MANAGEMENT AND BUDGET

JUNE 2006

IN THIS ISSUE:

- The April 2006 unemployment rate in Fairfax County decreased to 2.3 percent from 2.5 percent in April 2005. However, the number of employed County residents has increased 21,064 during the last 12 months. (See page 1)
- Fairfax County's June 2006 Sales Tax receipts grew 5.6 percent over June 2005. This is the largest percentage gain experienced in FY 2006 compared to the same month of FY 2005. (See page 2)
- The sales price of existing single family homes sold through May 2006 remained relatively flat, increasing just 0.8 percent over the median value of existing single family homes sold during all of 2005. (See pages 3 and 4)
- The number of new single family homes sold during the first five months of 2006 have fallen nearly 69 percent. (See page 4)
- The June 2006 Consumer Confidence Index increased slightly over the previous month. (See page 5)
- As reported by Freddie Mac, interest rates on conventional 30-year fixed rate mortgages rose to 6.68 percent in June – the highest level in four years. (See page 5)



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 April 2006 was 586,100 representing an increase of 21,064 residents, or 3.7 percent, over April 2005. During this period, the unemployment rate in the County dropped 0.2 percentage points to 2.3 percent from the 2.5 percent reported one year ago. The April unemployment rate increased a slight 0.1 percentage point over the March 2006 rate.

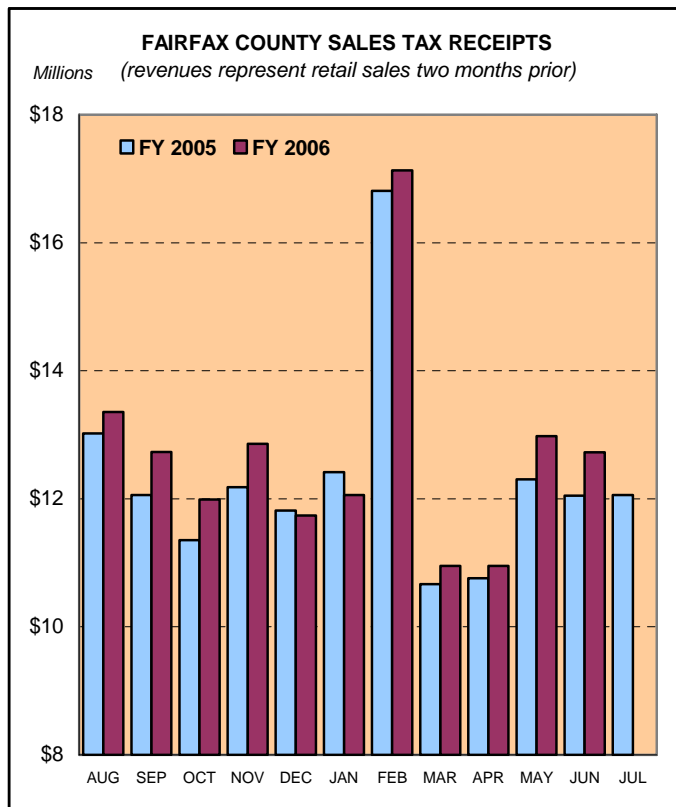
The April 2006 unemployment rate in Virginia was 3.1 percent, a decrease of 0.3 percentage points from the April 2005 level of 3.4 percent. On the national level, the unemployment rate in April was 4.7 percent, down from 5.1 percent one year ago.



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

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

Retail Sales



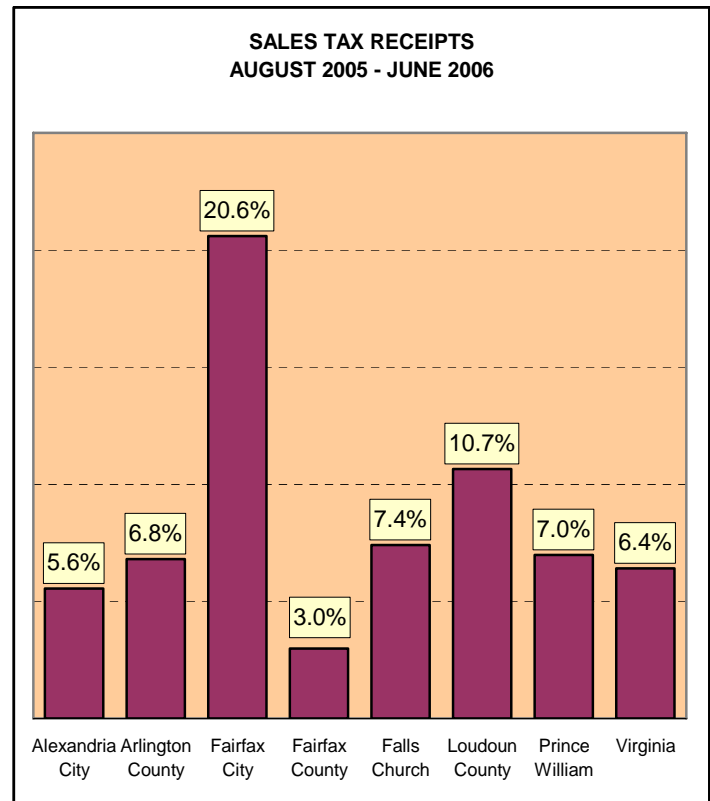
Source: Virginia Department of Taxation. Compiled by the Fairfax County Department of Management and Budget. Note: Sales Tax distributions to localities were based on estimates from September through November 2005 (FY 2006) with an adjustment made in December; therefore, receipts for September through December in FY 2006 should not be used to determine an actual trend.

Fairfax County Sales Tax Receipts

June 2006 Sales Tax receipts for Fairfax County, representing retail purchases made in April, are \$12.7 million, an increase of 5.6 percent over June 2005. The June percentage gain over the prior year is the largest thus far in FY 2006 and is the second consecutive month that the increase over the prior year has exceeded five percent. Fiscal year-to-date, Sales Tax receipts are \$139.5 million, up 3.0 percent over the same period of FY 2005.

National Retail Sales

According to the Commerce Department, seasonally adjusted preliminary April 2006 retail sales for the U.S. grew 0.5 percent over the previous month and gained 6.6 percent over April 2005. Compared to last year, gasoline station sales were up 17.4 percent and building material and garden equipment supply dealers increased 13.0 percent. Conversely, department store sales fell 1.4 percent and automobile dealer sales fell 0.6 percent.

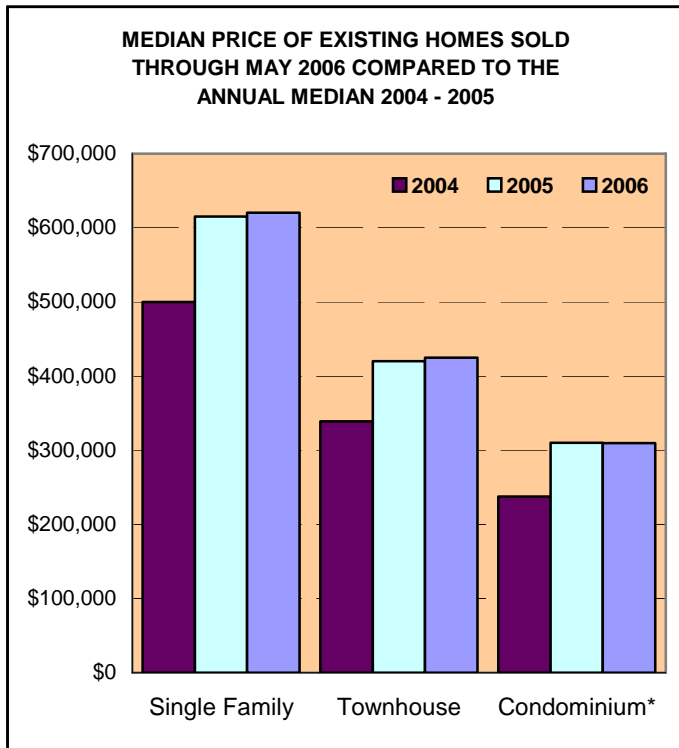


Source: Virginia Department of Taxation. Compiled by the Fairfax County Department of Management and Budget.

Neighboring Jurisdictions

During the period August 2005 through June 2006 (the period that coincides with Fairfax County's fiscal year 2006); Sales Tax receipts have risen 20.6 percent in Fairfax City and 10.7 percent in Loudoun County. Other Northern Virginia jurisdictions are growing at more moderate levels. Sales Tax receipts in Falls Church and Prince William are up 7.4 percent and 7.0 percent, respectively. Sales Tax receipts in Arlington increased 6.8 percent, while in Alexandria City receipts rose 5.6 percent. Fairfax County Sales Tax receipts grew 3.0 percent during the same period. Statewide Sales Tax receipts have increased 6.4 percent during the period August 2005 through June 2006 over the same period of FY 2005.

Housing Market

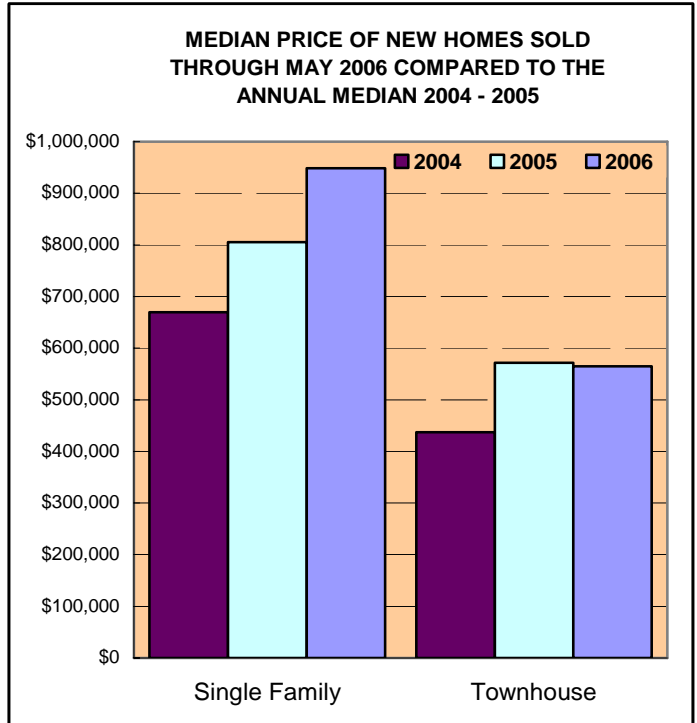


Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget. *Condominium data include sales of existing and new units.

Existing Home Sales Prices

The median sales price of all both existing (previously owned) single family homes and townhouses in Fairfax County experienced minimal growth during the first five months of calendar year 2006 compared to the 2005 median price. For existing single family homes, the median sales price increased 0.8 percent to \$620,000, as compared to the 2005 median price of \$615,000. The median sales price for existing townhouses sold through May 2006 rose to \$425,000 from the 2005 median of \$420,000, reflecting a gain of 1.2 percent.

The median sales price of all condominiums, existing and new, fell 0.1 percent to \$309,540 through May 2006 from the 2005 median of \$310,000.



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

New Home Sales Prices

Through May 2006, the median sales price for new single-family homes rose 17.8 percent to \$948,678 over the 2005 median of \$805,250. It should be noted that through May only 182 new single family homes have sold. In addition, contracts for single family homes are generally set about six months prior to the closing date. Therefore, this increase may not be representative of the current housing market. The median sales price for new townhouses decreased 1.2 percent, to \$564,670 through the first five months of 2006 from the 2005 median of \$571,600.

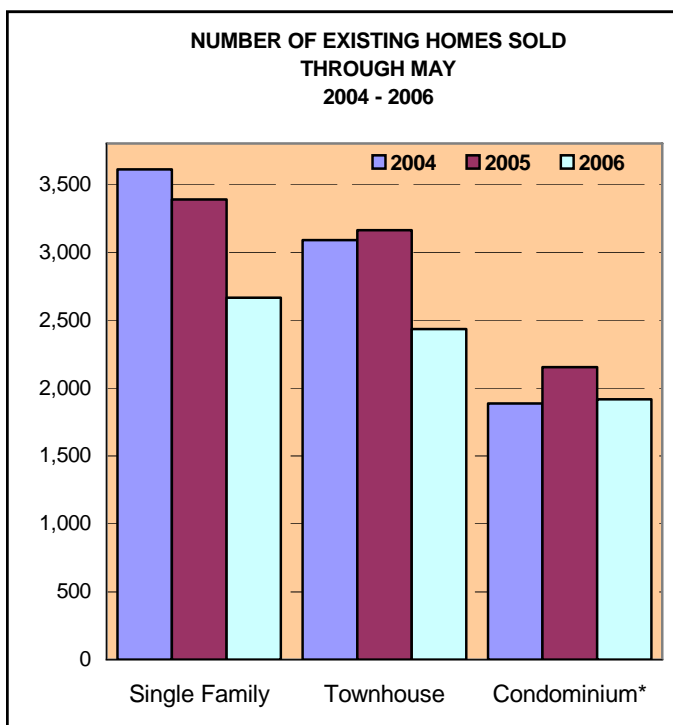
PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD YEAR-END 2005 COMPARED TO SALES THROUGH MAY 2006

	Existing Sales	New Sales
Single Family	0.8	17.8
Townhouse	1.2	(1.2)
Condominium*	(0.1)	

*Condominium data include sales of existing and new units.

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:

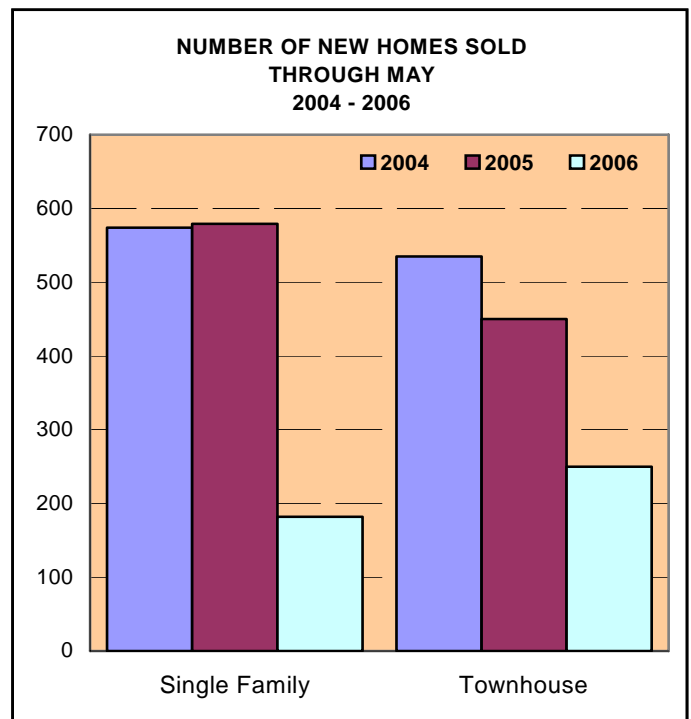
www.co.fairfax.va.us/dta/tax_assessment.htm



Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget. *Condominium data include the sales volume of existing and new units.

Existing Home Sales Volume

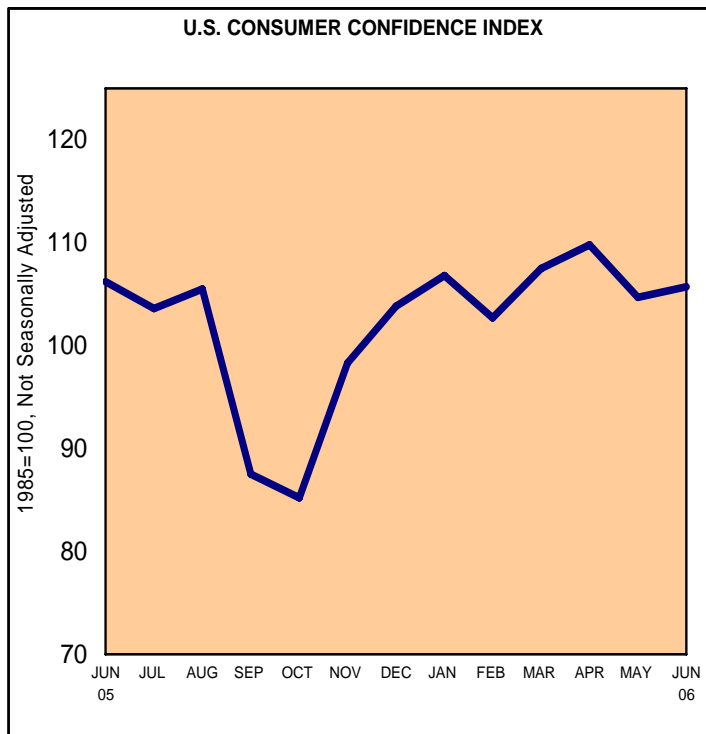
Both the number of existing single family and townhouses sold through the May of 2006 decreased in excess of 20 percent compared to the first five months of 2005. Sales of existing single family homes fell from 3,389 to 2,665, reflecting a loss of 21.4 percent from the first five months of 2005. In addition, the sales volume of existing townhouses through May 2006 decreased to 2,434 from 3,163, representing a decline of 23.0 percent. Due to the previously noted issue concerning condominiums, the number of new and existing units sold has been combined in the chart above. The number of all condominium sales reported through May 2006 dropped 11.1 percent from 2,155 to 1,916 over the same period of 2005.



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 sold thus far in 2006 has fallen 68.6 percent. In May just 182 new single family homes were sold compared to the 579 sold during the first five months of 2005. Sales volume of new townhouses dropped 38.7 percent during this same period from 450 to 270 units. For data concerning all condominium sales volume, refer to the "Existing Home Sales Volume" section.



Consumer Confidence Index

The Conference Board reports that the Consumer Confidence Index increased slightly in June 2004. The Index now stands at 105.7, compared to 104.7 in May. According to Lynn Franco, Director of the Conference Board's Consumer Research Center, "The slight bounce-back in confidence this month was a result of the moderate improvement in consumers' expectations."

The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. In June 2006, the Present Situation Index was 132.7, representing a decrease of 1.4 points from the previous month. The Expectations Index improved in June, gaining 2.5 points to 87.6.

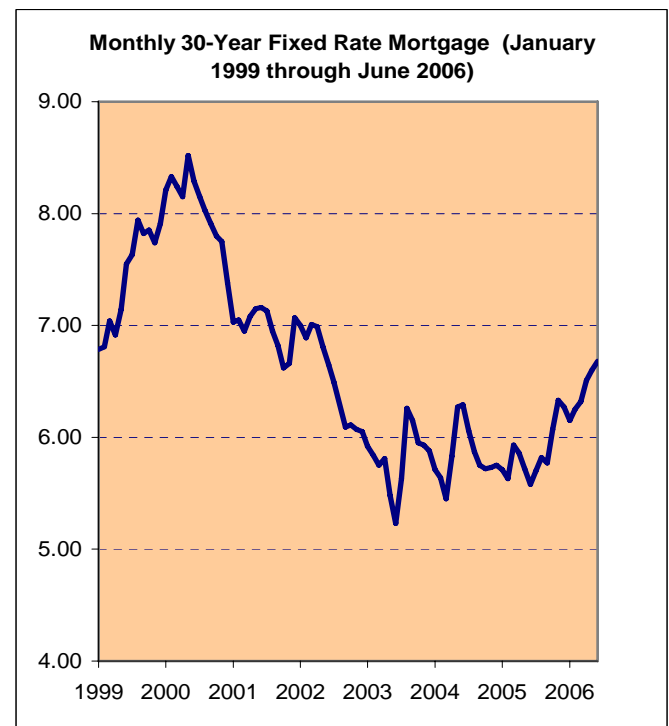
As Franco noted, "Despite the up-tick, consumers remain concerned about the short-term outlook. Furthermore, the Present Situation Index lost ground for the second consecutive month, a signal that the economy is shifting into lower gear heading into the second half of this year."

30-Year Fixed-Rate Mortgage

The interest rate on conventional 30-year fixed rate mortgages, as reported by Freddie Mac, rose to 6.68 percent in June 2006, the highest rate in four years. Over the last twelve months, mortgage interest rates have increased from 5.58 June represents the fifth consecutive month-to-month increase.

Prior to 2006, interest rates on conventional 30-year fixed rate mortgages had held relatively steady with annual average rates of 5.84 percent and 5.87 percent in 2004 and 2005, respectively. Since January 2006 when the rate was 6.15 percent, rates have gradually increased each month through June. According to Freddie Mac, market concerns about rising inflation are putting upward pressure on bond yields, which results in rising mortgage interest rates.

According to Chief Economist Frank Nothaft, mortgage interest rates are expected to continue to rise gradually but remain below 7.0 percent for the year.



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