



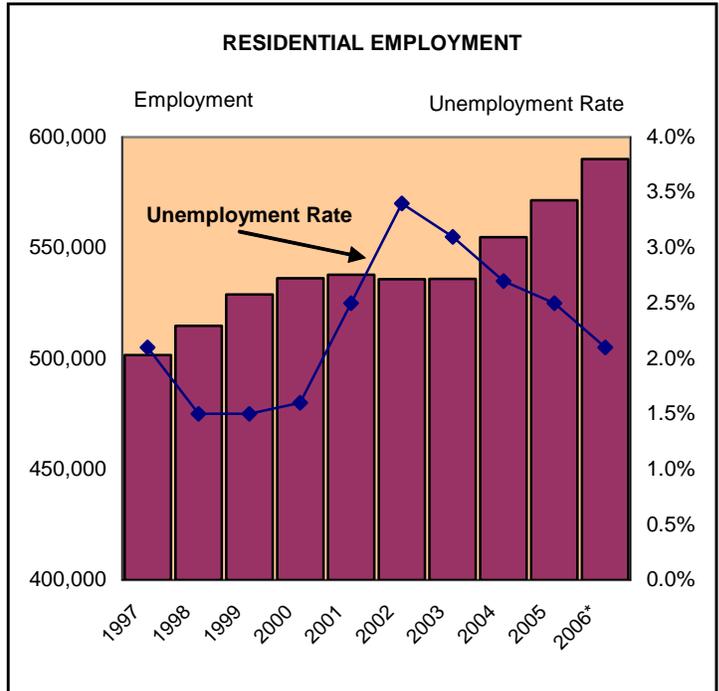
ECONOMIC INDICATORS®

FAIRFAX COUNTY
DEPARTMENT OF MANAGEMENT AND BUDGET

JULY 2006

IN THIS ISSUE:

- The May 2006 unemployment rate in Fairfax County was 2.1 percent, a 0.6 percentage point decrease from the level reported one year ago. (See page 1)
- July 2006 Sales Tax receipts in Fairfax County were \$12.4 million, an increase of 3.0 percent over July 2005. Sales Tax receipts were up 2.7 percent in FY 2006. (See page 2)
- Sales prices of existing single family homes sold during the first half of 2006 rose just 1.6 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 and townhouses sold during the first half of 2006 has declined in excess of 25 percent. (See page 4)
- The July 2006 Consumer Confidence Index posted a slight improvement over the previous month. (See page 5)
- During the last three months of FY 2006, Transient Occupancy Tax receipts increased 14.6 percent over the same period of FY 2005. (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 May 2006 was 590,135, representing an increase of 19,211 residents, or 3.7 percent, over May 2005. During this period, the unemployment rate in the County fell a robust 0.6 percentage points to 2.1 percent from the 2.7 percent reported one year ago. In addition, the May unemployment rate decreased 0.2 percentage point from the April 2006 rate.

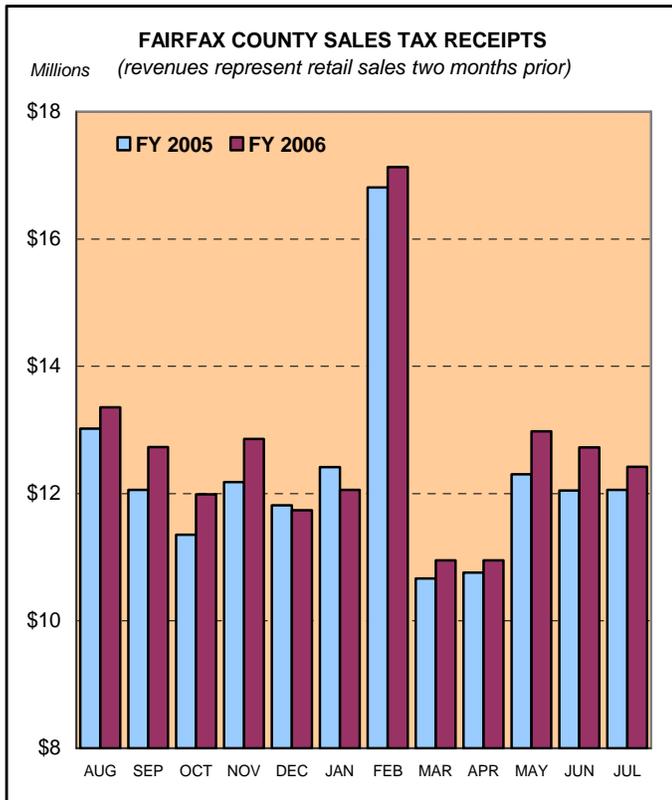
The May 2006 unemployment rate in Virginia was 2.9 percent, an improvement of 0.6 percentage points from the May 2005 level of 3.5 percent. On the national level, the unemployment rate in May was 4.6 percent — half a percentage point lower than the 5.1 percent reported for May 2005.



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

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

Retail Sales



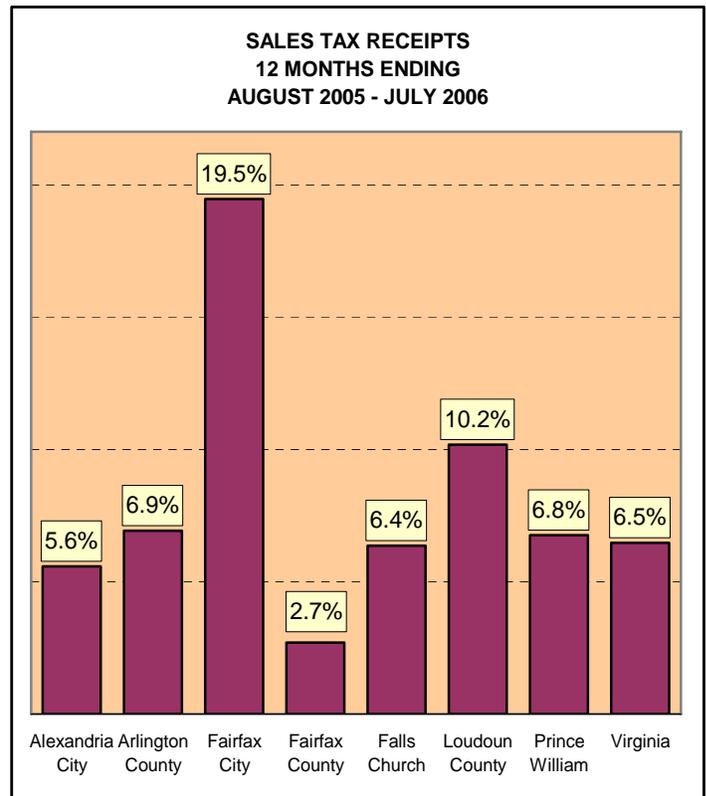
Source: Virginia Department of Taxation. Compiled by the Fairfax County Department of Management and Budget. Note: Sales Tax distributions to localities were based on estimates from September through November 2005 (FY 2006) with an adjustment made in December; therefore, receipts for September through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

Fairfax County Sales Tax Receipts

July 2006 Sales Tax receipts for Fairfax County, representing retail purchases made in May, are \$12.4 million, an increase of 3.0 percent over July 2005. Fairfax County's year-end FY 2006 Sales Tax receipts were up a moderate 2.7 percent over the FY 2005 level.

National Retail Sales

According to the Commerce Department, seasonally adjusted preliminary May 2006 retail sales for the U.S. increased 0.1 percent over the previous month and are up 7.6 percent over May 2005. Compared to the previous year, gasoline station sales grew 21.9 percent and building material and garden equipment supply dealers rose 11.2 percent.

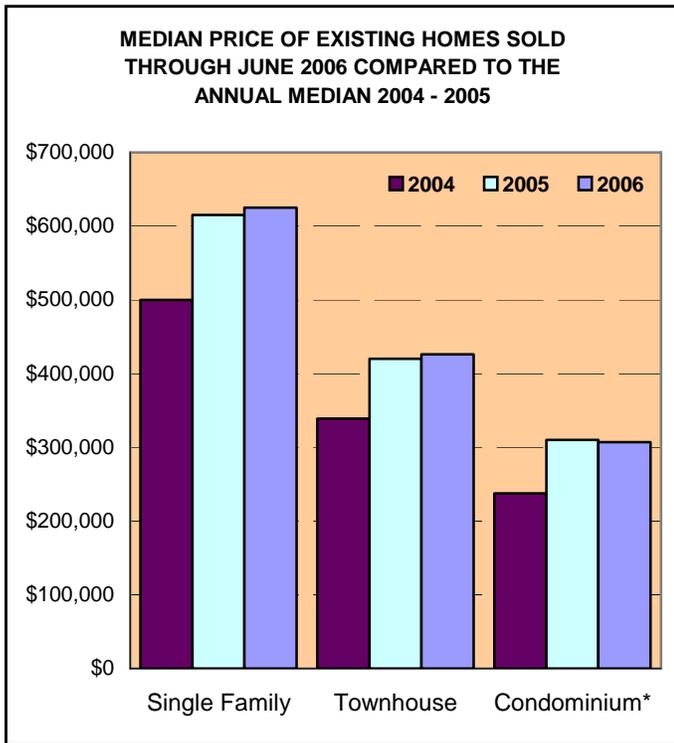


Source: Virginia Department of Taxation. Compiled by the Fairfax County Department of Management and Budget.

Neighboring Jurisdictions

During the period that coincides with Fairfax County's fiscal year 2006 (August 2005 to July 2006), all other Northern Virginia localities experienced stronger growth in Sales Tax receipts than the County. During this period Sales Tax receipts were up 19.5 percent in Fairfax City; 10.2 percent in Loudoun County; 6.9 percent in Arlington County; 6.8 percent in Prince William County; 6.4 percent in Falls Church; 5.6 percent in Alexandria City. Statewide local Sales Tax receipts rose 6.5 percent during this period.

Housing Market

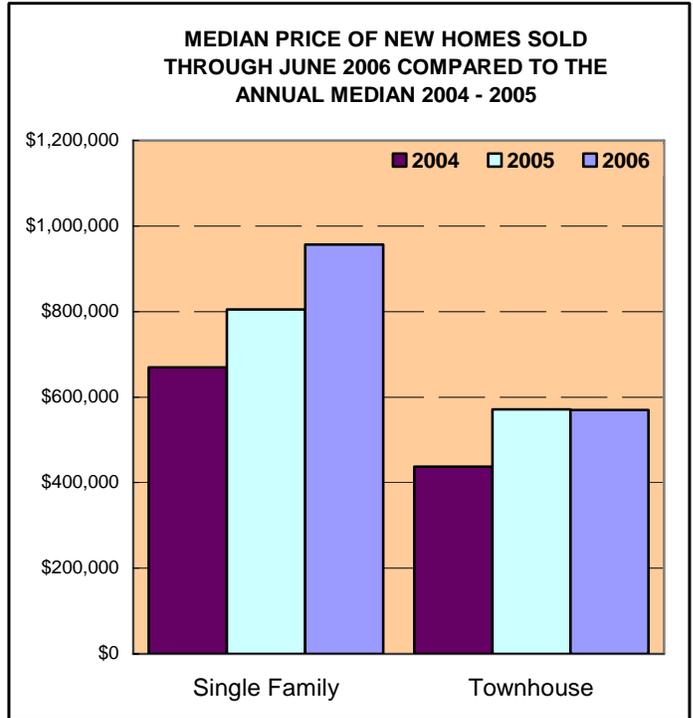


Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget. *Condominium data include sales of existing and new units.

Existing Home Sales Prices

The median sales price of both existing (previously owned) single family homes and townhouses in Fairfax County experienced slight growth during the first half of calendar year 2006 compared to the 2005 median price. For existing single family homes, the median sales price grew 1.6 percent to \$625,000, as compared to the 2005 median price of \$615,000. The median sales price for existing townhouses sold through the first six months of 2006 increased to \$426,250 over the 2005 median of \$420,000, reflecting a gain of 1.5 percent.

The median sales price of all condominiums, existing and new, dropped 1.0 percent to \$307,054 through June 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 June 2006, the median sales price for new single family homes increased 18.8 percent to \$956,668 over the 2005 median of \$805,250. It should be noted that through June only 214 new single family homes have sold and the increase may be more reflective of the mix of homes that have sold this year compared to last. Also, because contracts for new single family homes are generally set about six months prior to the closing date, the increase may not be representative of the current housing market.

During the first half of 2006, the median sales price for new townhouses fell 0.3 percent to \$569,990 from the 2005 median of \$571,600.

PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD DURING 2005 COMPARED TO SALES THROUGH JUNE 2006

	Existing Sales	New Sales
Single Family	1.6	18.8
Townhouse	1.5	(0.3)
Condominium*	(1.0)	

*Condominium data include sales of existing and new units.

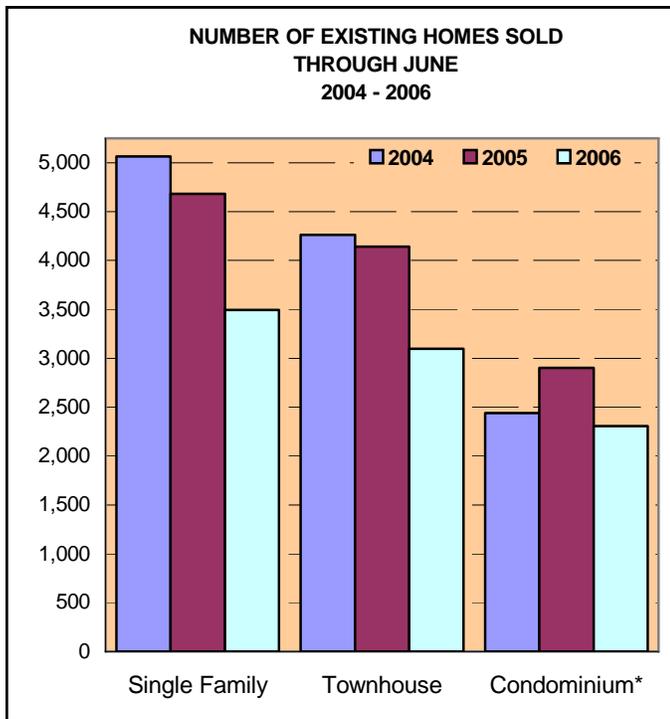
A note on tax assessments and home sales: Changes in selling prices, coupled with the volume of sales, are generally considered reasonable indicators of the County's real estate market. Median selling price increases do not translate directly into assessment adjustments, since the mix of homes sold is 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

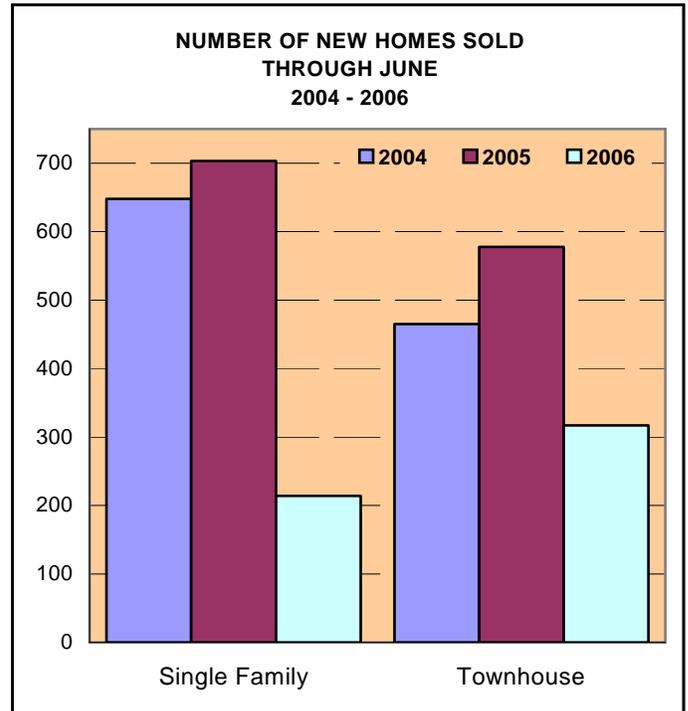
Existing Home Sales Volume

Both the number of existing single family and townhouses sold through the first half of 2006 decreased in excess of 25 percent compared to the first half of 2005. Sales of existing single family homes dropped to 3,493 from 4,680, signifying a loss of 25.4 percent from the first six months of 2005. The sales volume of existing townhouses through June 2006 fell to 3,096 from 4,140, a decrease of 25.2 percent.

The number of all (existing and new) condominium sales reported through June 2006 declined 20.5 percent to 2,306 from the 2,902 sales occurring over the same period of 2005.



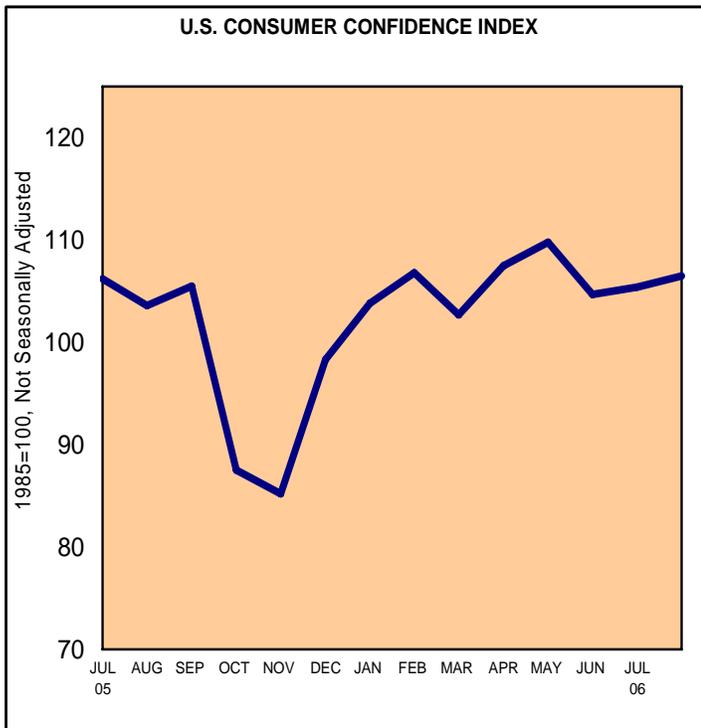
Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget. *Condominium data include the sales volume of existing and new units.



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 through June 2006 has fallen nearly 70 percent. During the first half of 2006, 214 new single family homes were sold compared to the 703 sold during the same period of 2005. Sales volume of new townhouses also decreased substantially, dropping 45.2 percent during this same period from 578 to 317 units. For data regarding all condominium sales volume, refer to the "Existing Home Sales Volume" section.



Consumer Confidence Index

The Conference Board reports that the Consumer Confidence Index posted a moderate increase in July 2006. The Index currently stands at 106.5, up from 105.4 in June.

The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. In July 2006, the Present Situation Index was 133.0, representing a gain of 0.8 points over the previous month. The Expectations Index also improved in June, increasing 1.3 points to 88.8.

According to Lynn Franco, Director of the Conference Board's Consumer Research Center, "Consumer Confidence continues to hold steady, with the prognosis little changed from last month." In addition, "present day conditions remain favorable, though not as strong as earlier this year. Expectations for the months ahead remain cautious and also below levels earlier this year."

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)

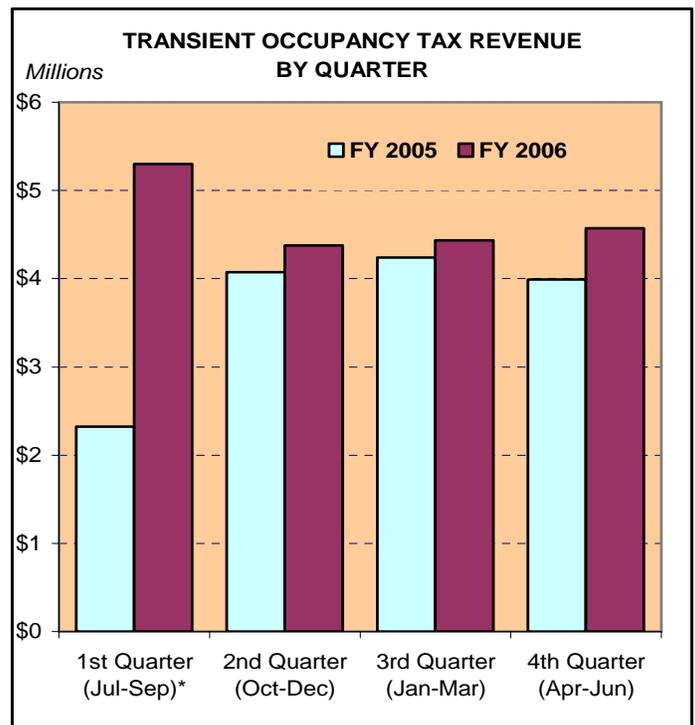
Staff: Susan Datta, Director; Marcia Wilds and John Garneski, analysts.

Transient Occupancy Tax

Transient Occupancy Taxes are charged as part of a hotel bill and remitted by the hotel to the County. Prior to FY 2005, the Transient Occupancy Tax rate was 2.0 percent, the maximum allowed by State law. Legislation enacted by the 2004 Virginia General Assembly permitted the Board of Supervisors to levy an additional 2.0 percent Transient Occupancy Tax beginning July 1, 2004 with 25 percent of the additional 2.0 percent appropriated to the Fairfax County Convention and Visitors' Center, a nonprofit organization located within the County.

Revenue from the Transient Occupancy Tax is impacted by tourism and business travel which impact occupancy rates and average room rates. During the last three months of the FY 2006, Transient Occupancy Tax receipts were \$4.6 million, representing an increase \$0.6 million, or 14.6 percent over the same period of FY 2005.

Fiscal year-end 2006 revenue from the Transient Occupancy Tax was \$18.7 million, reflecting growth of 27.7 percent over FY 2005. This large increase is primarily due to the rate increase which is not reflected in the first three months of tax collections in FY 2005. While the rate increase to 4.0 percent was effective on hotel stays beginning July 1, 2004, tax collections are due quarterly to the County. Therefore, taxes remitted during the first quarter of FY 2005 were primarily for hotel stays during April through June 2004, prior to the tax increase. Absent the rate increase, FY 2006 Transient Occupancy Tax revenue rose 8.1 percent over FY 2005.



Source: Fairfax County Department of Management and Budget. *The first quarter of FY 2005 does not reflect the tax rate increase from 2% to 4%.