



# ECONOMIC INDICATORS®

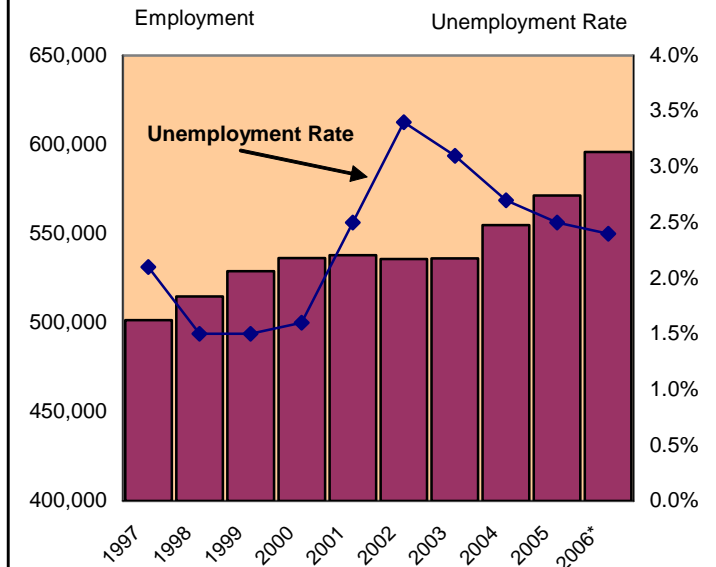
FAIRFAX COUNTY  
DEPARTMENT OF MANAGEMENT AND BUDGET

OCTOBER 2006

## IN THIS ISSUE:

- Since August 2005, the number of employed County residents grew 18,084. During the same period, the unemployment rate in Fairfax County declined 0.3 percentage points to 2.4 percent.  
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- Sales Tax receipts in Fairfax County for the first quarter of FY 2007 were \$39.3 million, an estimated increase of 4.3 percent over the same period of FY 2006.  
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- The Consumer Confidence Index dipped slightly in October 2006, decreasing half a point from the previous month.  
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- The number of existing single family homes sold in the first three quarters of 2006 fell 32.2 percent; while, the median value of these homes rose 2.0 percent over existing single family homes sold during all of 2005.  
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- In the first nine months of 2006, the number of new single family homes and townhouses sold decreased 68.8 percent and 61.2 percent, respectively.  
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- The Fairfax County Economic Development Authority reported that the County's office market continued to improve during the first half of 2006 as the direct office vacancy rate fell to 7.3 percent at mid-year 2006 from 7.8 percent as of year-end 2005.  
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## RESIDENTIAL EMPLOYMENT



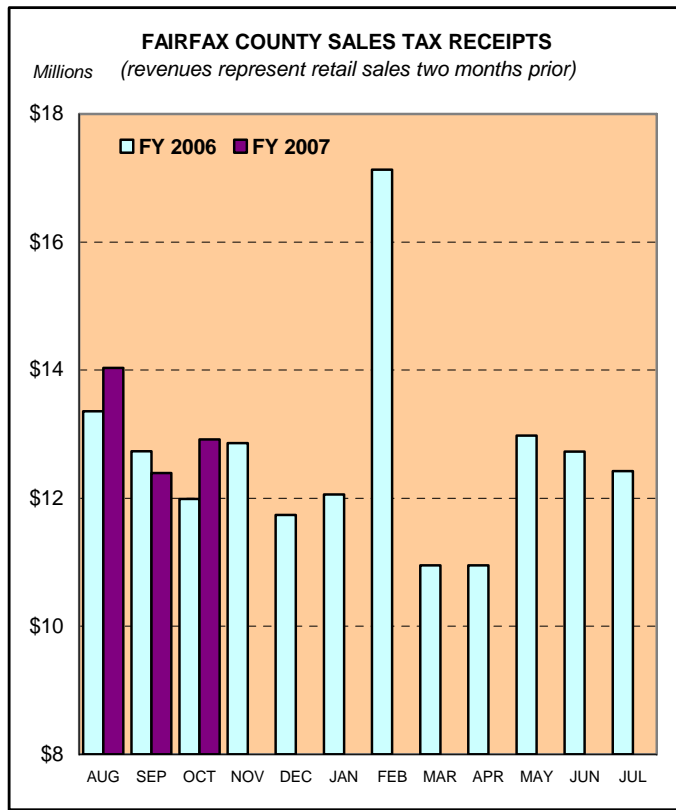
Source: Virginia Employment Commission. Compiled by the Fairfax County Department of Management and Budget.

## Employment

As reported by the Virginia Employment Commission (VEC), the number of employed Fairfax County residents was 595,858 in August 2006, a gain of 18,084, or 3.1 percent, over August 2005. During this period, the unemployment rate in Fairfax County improved as well – falling from 2.7 percent in August 2005 to 2.4 percent in August 2006.

The August 2006 unemployment rate in Virginia decreased 0.3 percentage points to 3.2 percent from the August 2005 level of 3.5 percent. On the national level, the unemployment rate in August was 4.7 percent, down 0.2 percentage points from the prior year.

## 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

October 2006 Sales Tax receipts for Fairfax County, representing retail purchases made in August, were \$12.9 million, an estimated gain of 9.4 percent over October 2005. Sales Tax receipts for the first quarter of FY 2006 were \$39.3 million, an estimated increase of 4.3 percent year-to-date.

Due to computer system changes that occurred at the state level during the latter part of calendar year 2005, sales tax receipts distributed to localities were estimated for the months of September through November 2005. Once the system changes were completed, the state reconciled estimated distributions to actual Sales Tax for the period and made adjustments in December 2005 distributions. County staff have smoothed the 2005 receipts from September through December to more accurately reflect the outcome of the reconciliation.

Sales Tax receipts for other Northern Virginia localities will not be reported until December when the year-to-date comparison of Sales Tax receipts to 2005 will be reflective of the State's reconciliation.

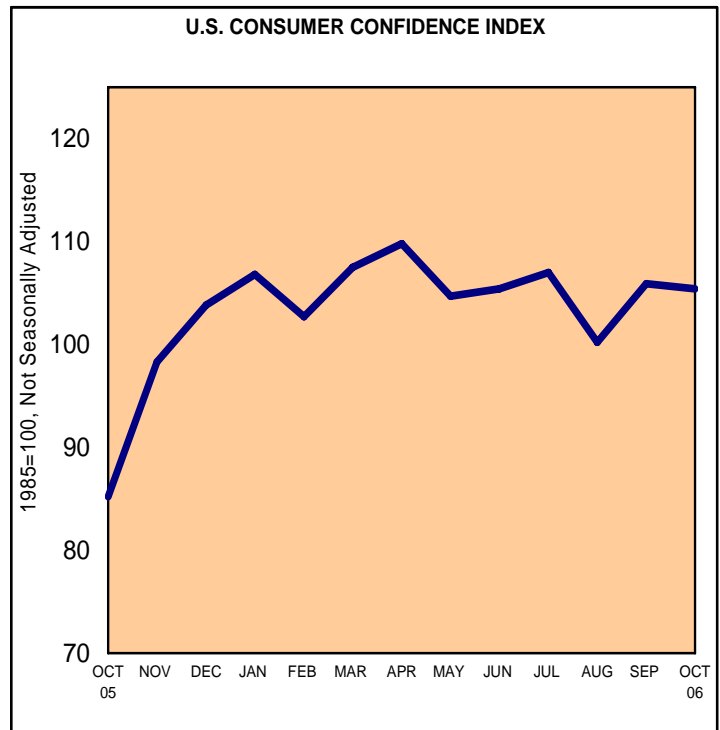
### National Retail Sales

According to the Commerce Department, seasonally adjusted preliminary August 2006 retail sales for the U.S. grew 6.7 percent since August 2005. Compared to the prior year, gasoline station sales rose 11.0 percent. However, department store sales fell 1.4 percent.

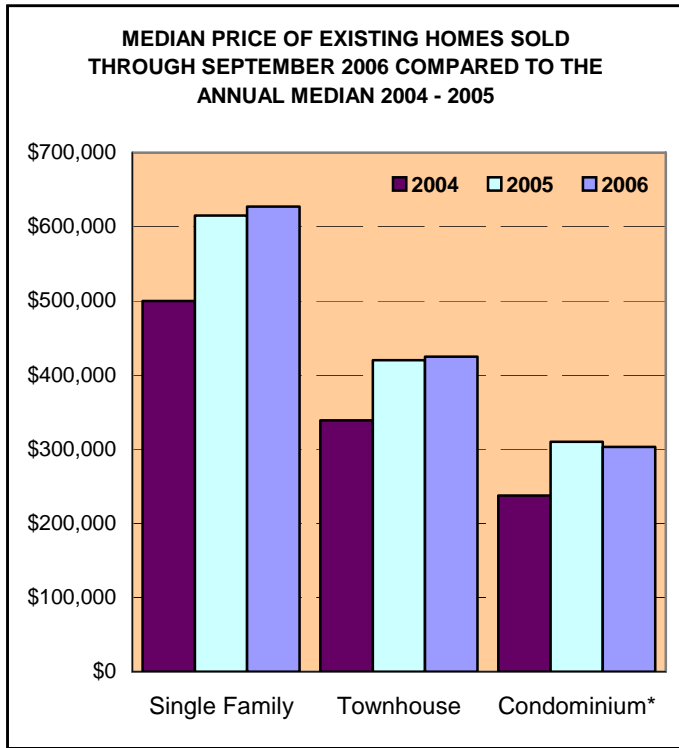
### Consumer Confidence Index

The Conference Board reports that the Consumer Confidence Index posted a relatively small loss in October 2006 after improving in September. The October Index moved downward to 105.4 compared to 105.9 in September. The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. In October 2006, the Present Situation Index fell 3.6 points to 124.7. Conversely, the Expectations Index advanced in October, rising to 92.6 or 1.6 percentage points over September.

According to Lynn Franco, Director of the Conference Board's Consumer Research Center, "Consumers' short-term expectations posted a slight improvement, but the outlook for the labor market remains mixed. Overall, this month's readings continue to suggest a moderate pace of economic growth and more of the same for the first few months of 2007."



# Housing Market

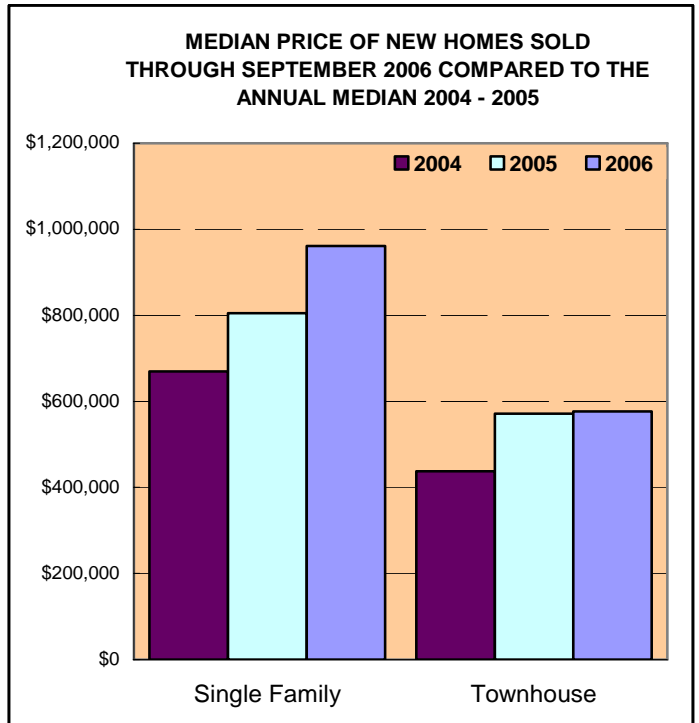


Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget. \*Condominium data include sales of existing and new units.

## Existing Home Sales Prices

The median sales price of existing (previously owned) single family homes and townhouses in Fairfax County edged up during the first nine months of calendar year 2006 compared to the 2005 median price. The median sales price of existing single family homes sold during the first three quarters of 2006 was \$627,000, a 2.0 percent increase over the 2005 median price of \$615,000. The median sales price for existing townhouses sold through September 2006 grew 1.2 percent to \$425,000 over the 2005 median of \$420,000.

The median sales price of all condominiums sold, existing and new, during the first nine months of calendar year 2006 fell to \$303,000 from the 2005 median of \$310,000, a drop of 2.3 percent.



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

## New Home Sales Prices

Through the first three quarters of 2006, the median sales price for new single family homes rose 19.4 percent to \$961,113 compared to the 2005 median of \$805,250. The increase in the median price of new homes can be impacted by the mix of homes sold this year compared to last year. The impact of the change in the mix of homes sold is magnified as the number of new single family homes sold through September 2006 has plunged nearly 69 percent from the same period last year. In addition, the increase in the prices of new single family homes is a reflection of rising construction cost. Therefore, changes in the sales price of existing single family homes is a better gauge of the overall residential housing market.

Through September 2006, the median sales price for new townhouses posted slight growth of 0.9 percent, increasing to \$576,895 over the 2005 median of \$571,600.

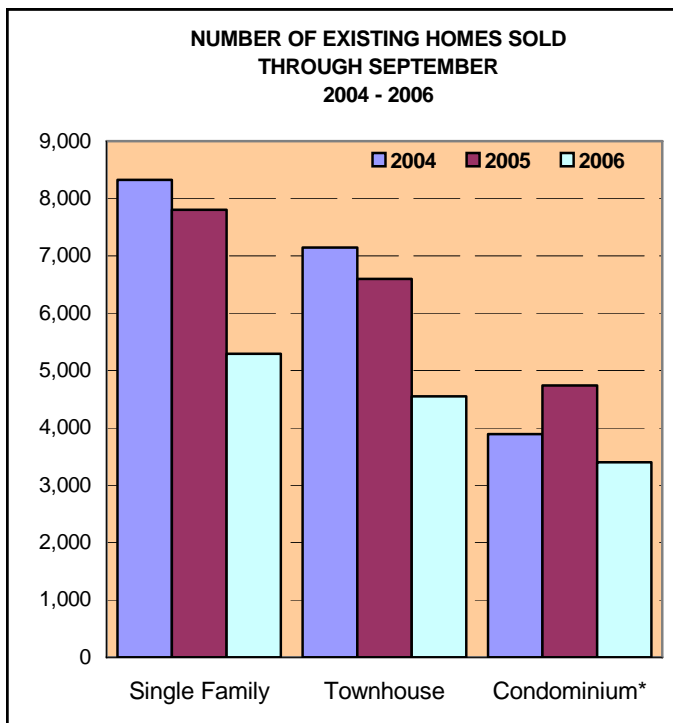
### PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD DURING 2005 COMPARED TO SALES THROUGH SEPTEMBER 2006

	Existing Sales	New Sales
Single Family	2.0	19.4
Townhouse	1.2	0.9
Condominium*	(2.3)	

\*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](http://www.co.fairfax.va.us/dta/tax_assessment.htm)

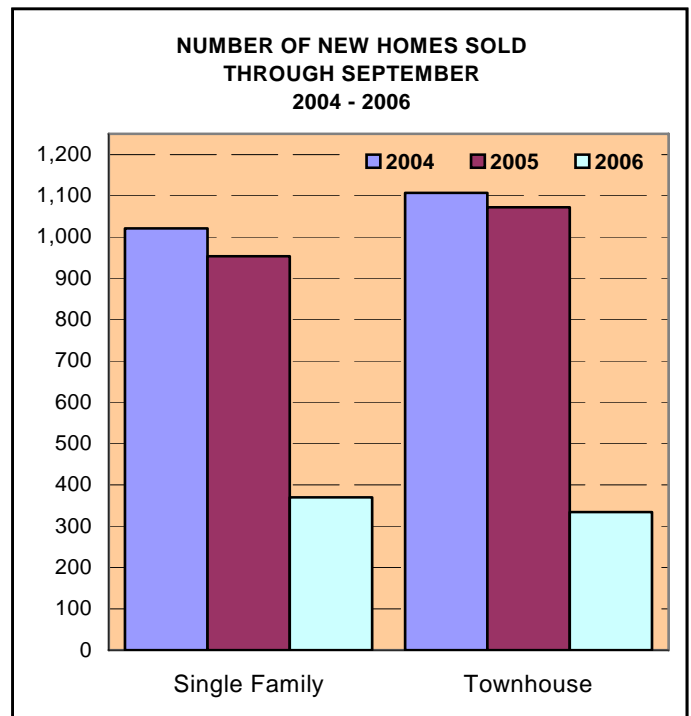


Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget. \*Condominium data include the sales volume of existing and new units.

## Existing Home Sales Volume

The number of existing single family homes and townhouses sold from January through September 2006 decreased in excess of 30 percent compared to the first to the three quarters of 2005. Sales of existing single family homes fell from 7,800 to 5,292, reflecting a loss of 32.2 percent from the first nine months of 2005. In addition, the sales volume of existing townhouses through September 2006 decreased to 4,552 from 6,597, representing a decline of 31.0 percent.

Condominium sales (existing and new) for the first three quarters of 2006 decreased 28.3 percent to 3,399 from the 4,738 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.

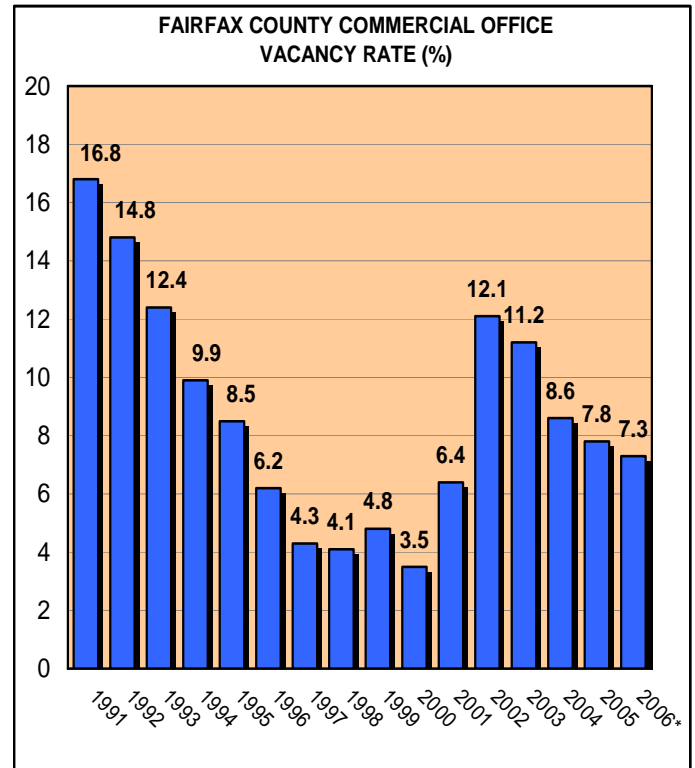
## New Home Sales Volume

The number of new single family homes and townhouses sold in 2006 both dropped considerably through September. The number of new single family homes sold decreased from 1,072 to 334 in the first three quarters of 2006, reflecting a steep decline of 68.8 percent. Similarly, sales volume of new townhouses fell 61.2 percent during this same period from 954 to 370 units. For data regarding all condominium sales volume, refer to the "Existing Home Sales Volume" section.

## Commercial Office Market

The Fairfax County Economic Development Authority (EDA) reported that the commercial office market continued to improve during the first half of 2006. The current office vacancy rate in the County is 7.3 percent; a decline of 0.5 percentage points from the rate of 7.8 percent reported at year-end 2005. Including space available through subleases, the vacancy rate was 8.9 percent, down from 9.7 percent at the end of 2005. Over the last three years, office vacancy rates have continued to improve after reaching a recent high-point of 12.1 percent in 2002.

As well as the improving office vacancy rates, EDA reported other indicators that display the overall health of the County's commercial office market. During the first six months of 2006, office space in the County expanded to over 104.4 million square feet – sustaining Fairfax County's status as the largest suburban office market in the metropolitan area. Fourteen buildings with over 916,000 square feet of office space were completed during the first half of 2006. In addition, as of mid-year 2006, 29 buildings with approximately 3.5 million square feet of new office space were under construction. This is a robust gain over the 2 million square feet of office space under construction at year-end 2005.



Source: Fairfax County Economic Development Authority.  
 \*Data through mid-year 2006.

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

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