



ECONOMIC INDICATORS®

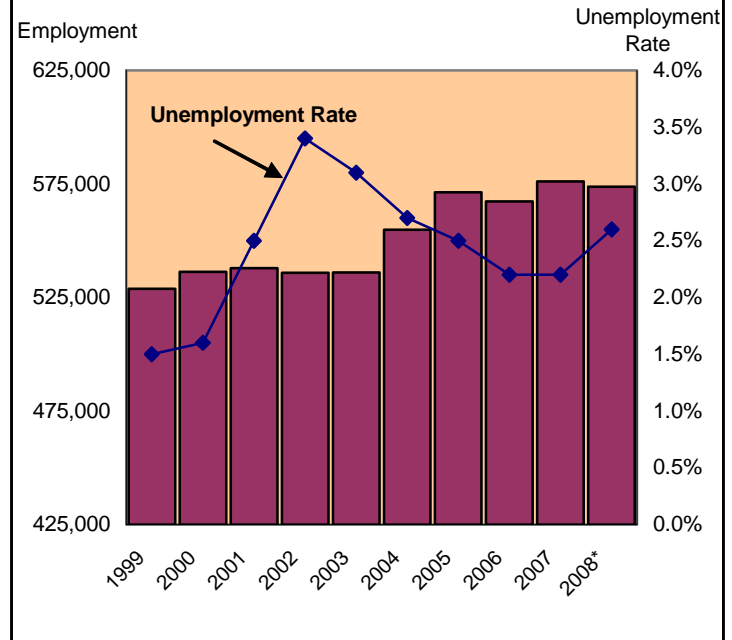
FAIRFAX COUNTY
DEPARTMENT OF MANAGEMENT AND BUDGET

APRIL 2008

IN THIS ISSUE:

- The unemployment rate in Fairfax County rose in February 2008 to 2.6 percent over the February 2007 level of 2.1 percent.
(See page 1)
- April 2008 Sales Tax receipts for Fairfax County were \$11.1 million, a decrease of 3.6 percent from April 2007. Sales Tax receipts have fallen for the third month in a row.
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- The Consumer Confidence Index decreased for the fourth consecutive month.
See page 2)
- The number of existing single family homes sold declined 36.1 percent during the first three months of 2008; while the median value of these homes fell 11.5 percent from existing single family homes sold during 2007.
(See pages 3 and 4)
- The number of homes in foreclosure in Fairfax County has increased over ten fold in the first quarter of 2008 compared to 2007.
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- The Fairfax County Economic Development Authority reported that the direct office vacancy rate increased for the third consecutive reporting period. In addition, 4.0 million square feet of office space is scheduled to deliver in 2008, the largest one-year total since 2001.
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FAIRFAX COUNTY EMPLOYED RESIDENTS



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 February 2008 was 573,726, a gain of 4,259 residents, or 0.7 percent, over February 2007. However, the number of unemployed residents also increased in February. The number of unemployed residents rose 3,065 increasing the unemployment rate in Fairfax County by half a percentage point to 2.6 percent over the level reported last February.

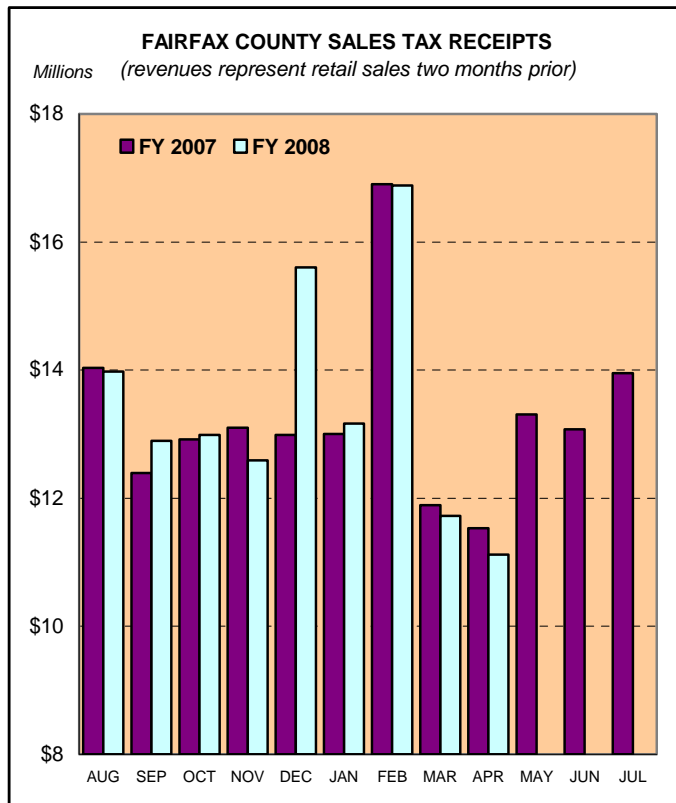
The February 2008 Virginia unemployment rate was 3.8 percent and represents an increase of 0.6 percentage points over the February 2007 level. On the national level, the February 2008 unemployment rate was 4.8 percent, a 0.3 percentage point gain over last February.



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

http://www.fairfaxcounty.gov/economic/economic_indicators.htm

Sales Tax Receipts

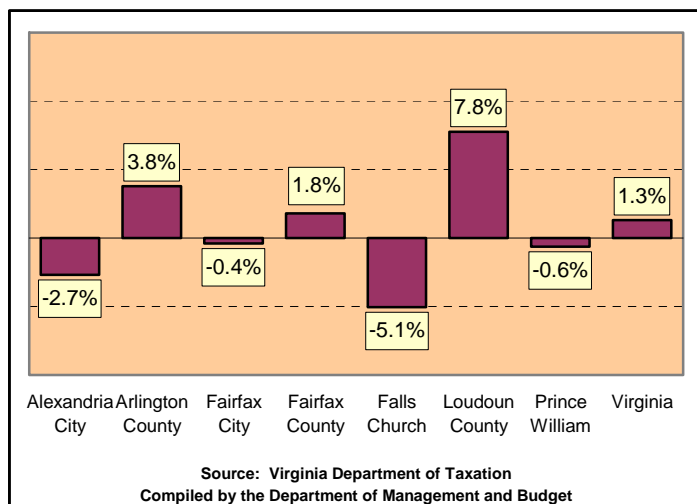


Source: Virginia Department of Taxation. Compiled by the Fairfax County Department of Management and Budget.

Fairfax County Sales Tax Receipts

April Sales Tax receipts for Fairfax County, representing retail purchases occurring in February fell 3.6 percent from the April 2007 level to \$11.1 million. April represents the third consecutive month that Fairfax County Sales Tax receipts have fallen from the prior year. Fiscal year-to-date, Sales Tax receipts are \$120.9 million, an increase of 1.8 percent over the same period in FY 2007.

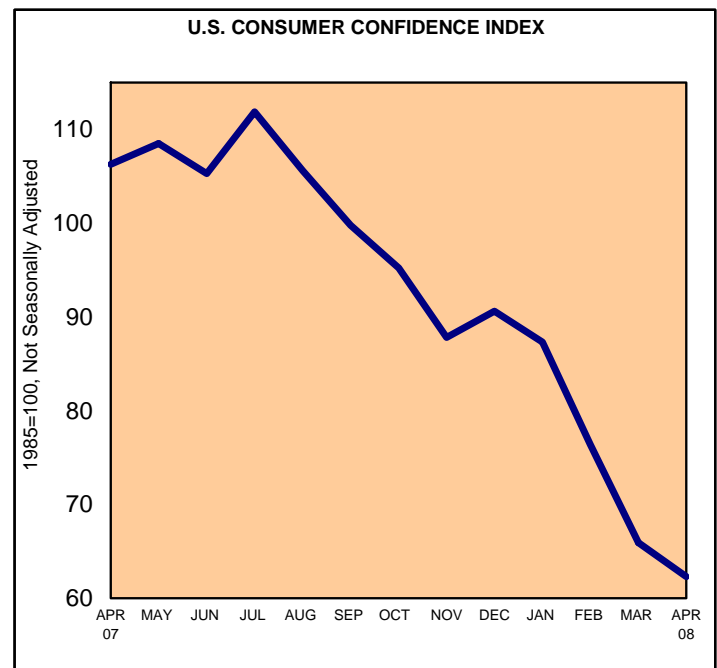
Growth in Sales Tax receipts for August through April in other jurisdictions is shown below.



Consumer Confidence Index

The Consumer Confidence Index fell for the fourth successive month in April 2008, dropping to 62.3. The Consumer Confidence Index is composed of two separate indices: the Expectations Index and the Present Situation Index. In April 2008, the Expectations Index decreased 0.7 points to 50.1 from the March level. In addition, the Present Situation Index was 80.7 in April, a loss of 9.9 points from the March 2008 level of 90.6.

According to Lynn Franco, Director of the Conference Board's Consumer Research Center, the "continued weakening suggests that not only has the feeble level of growth in the first quarter spilled over into the second quarter, but that economic conditions may have slowed even further. And, not only are lackluster business and job conditions eroding confidence, but rising gasoline prices are undoubtedly heightening concerns."

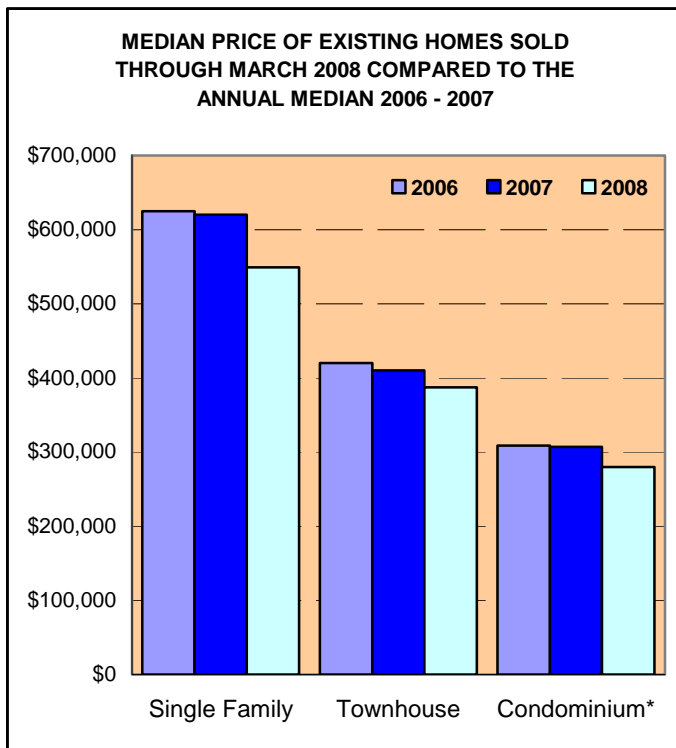


Source: The Conference Board. Compiled by the Fairfax County Department of Management and Budget

National Retail Sales

According to the Commerce Department, seasonally adjusted Advance March 2008 retail sales for the U.S. rose 2.0 percent over the previous year. Compared to last year, gasoline station sales increased nearly 19 percent in March 2008. Conversely, sales from building material and supply stores and automobile dealers decreased 6.9 percent and 3.5 percent, respectively.

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

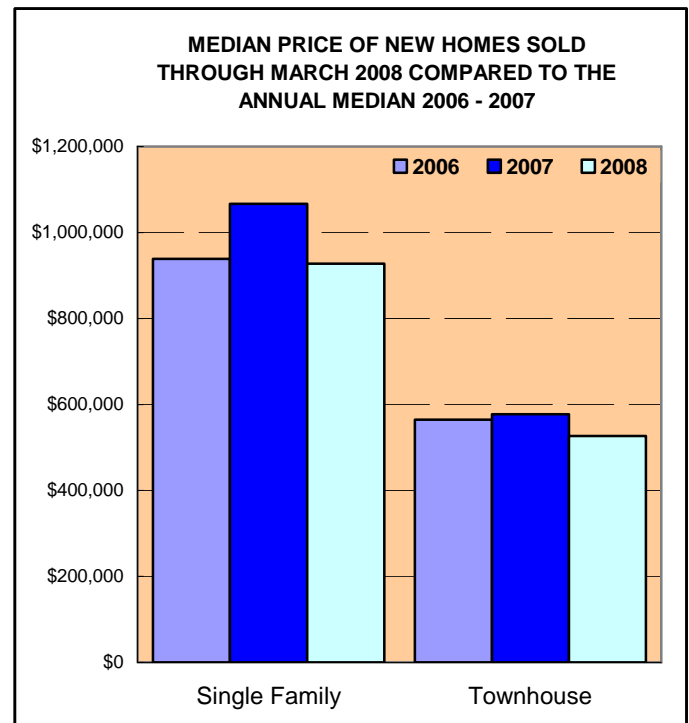
The median sales price of both existing (previously owned) single family homes and townhouses sold through March 2008 in Fairfax County declined compared to the 2007 median price. The median sales price of existing single family homes sold during the first quarter of 2008 fell 11.5 percent to \$549,000 from the 2007 median price of \$620,000. The median sales price of existing townhouses sold in the first three months of 2008 was \$387,250, a 5.5 percent decrease from the 2007 median price of \$410,000.

The median sales price of all condominiums sold, existing and new, through March 2008 declined 8.8 percent to \$280,000 from the 2007 median of \$307,000.

PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD DURING 2007 COMPARED TO SALES THROUGH MARCH 2008

	Existing Sales	New Sales
Single Family	(11.5)	(13.0)
Townhouse	(5.5)	(8.7)
Condominium*	(8.8)	

*Condominium data include sales of existing and new units.



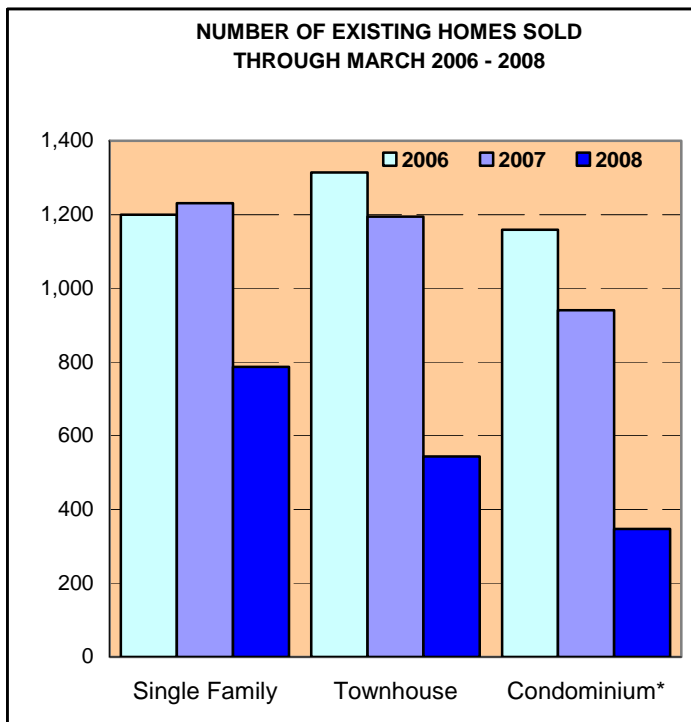
Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget.

New Home Sales Prices

The median sales price for new homes sold in Fairfax County declined during the first quarter of 2008. The median sales price of new single-family homes that sold in the first three months of 2008 fell to \$927,782 from the 2007 median of \$1,067,000, a drop of 13.0 percent. In addition, the median sales price for new townhouses sold through March 2008 decreased 8.7 percent to \$526,889 from the 2007 median of \$577,044. For data regarding all condominium sales prices, refer to the "Existing Home Sales Volume" section.

Changes in selling prices and the volume of sales are presented as indicators of the County's real estate market. Median selling price changes do not translate directly into assessment adjustments, since the mix of homes sold is not necessarily reflective of the County's entire housing stock. 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.fairfaxcounty.gov/dta/tax_assessment.htm



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.

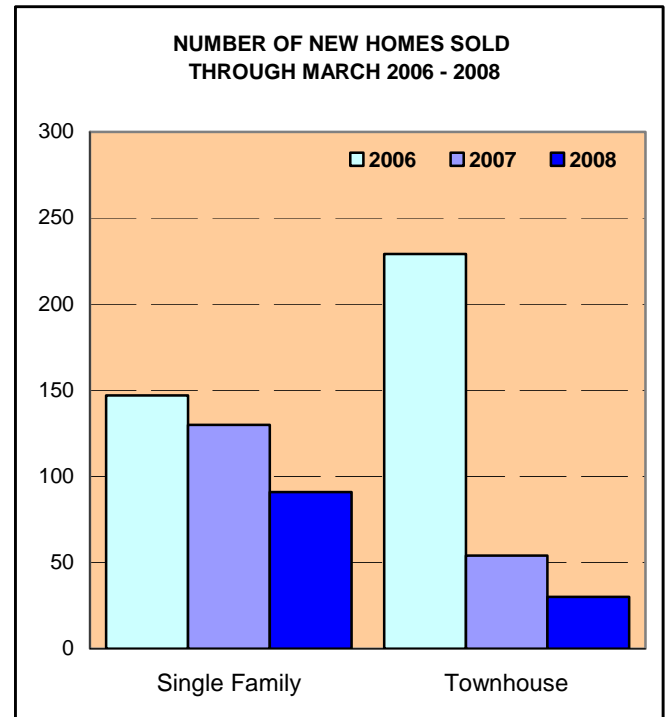
Existing Home Sales Volume

Sales of existing single family homes through March 2008 were 787, representing a decrease of 36.1 percent, or 444 homes, from the same period of 2007. During the first quarter of 2008, the number of sales of existing townhouses fell 54.4 percent to 544 from the 1,194 units sold during the first three months of 2007. In addition, the total number of existing and new condominiums sold through March 2008 plummeted 63.1 percent, or 593 units, to 347 from the 940 sold during the corresponding period of 2007.

New Home Sales Volume

The number of new homes also declined during the first three months of 2008. Only 91 new single family homes sold in the first quarter of 2008, a 30.0 percent drop from the 130 homes sold during the same period of 2007. The sales volume of new townhouses posted a decrease of 44.4 percent during the first quarter of 2008, falling from 54 to 30 units.

For data regarding all condominium sales volume, refer to the "Existing Home Sales Volume" section.



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

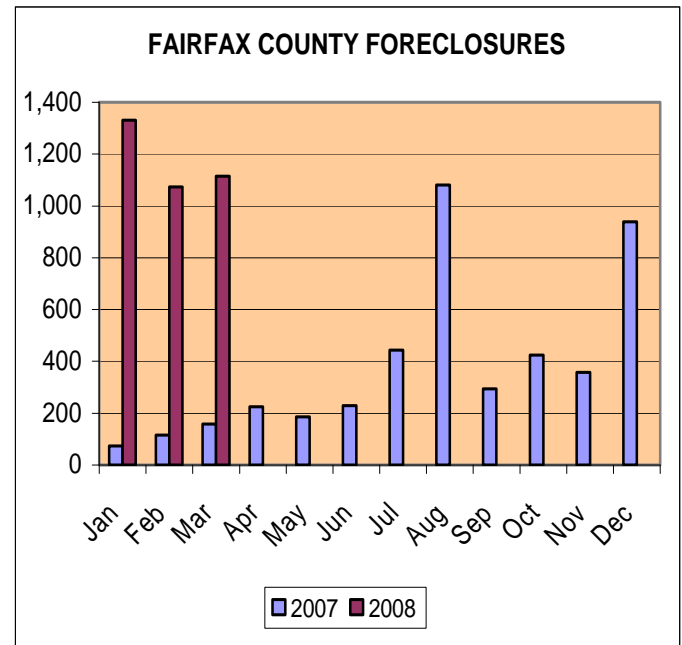
Foreclosures in Fairfax County

Foreclosures in Fairfax County rose sharply in the latter half of 2007, a trend that has continued into 2008. According to data from RealtyTrac, 4,527 homes in Fairfax County were in foreclosure in 2007, nearly an eight fold increase over 2006. Since January, foreclosures have averaged over 1,000 per month in the County.

Foreclosures in Fairfax County

	2006	2007	2008
January	59	74	1,330
February	33	115	1,074
March	29	158	1,114
April	52	225	
May	49	186	
June	27	229	
July	83	444	
August	71	1,080	
September	75	294	
October	65	425	
November	28	358	
December	22	939	
Total	593	4,527	

Source: RealtyTrac



Source: RealtyTrac

Drivers of the Increase in Foreclosures

Foreclosures have primarily been driven by the use of non-traditional mortgage loans to purchase homes that households could not afford. These "subprime loans" carry low introductory rates that expire usually after two to three years and adjust upward to rates of 10 to 13 percent. Declining home values and tougher lending practices have limited homeowners' ability to refinance or to sell the property for the original purchase price.

High Foreclosure Rate Expected to Continue

The share of County mortgage loans that were considered to be subprime rose from just 4.2 percent in 2003 to 13.5 percent in 2005 and 2006. Because the majority of the mortgage rate resets are estimated to occur in 2008, the number of foreclosures is expected to remain high throughout 2008.

Commercial Office Market

Inventory and Vacancy Rates

The Fairfax County Economic Development Authority (EDA) reported that the amount of commercial office space expanded by nearly 2.2 million square feet in 2007. The total office space inventory stands at 107.2 million square feet. Despite the growth in the amount of office space in the County, leasing activity in 2007 fell 13 percent from the previous year, which is driving up office vacancy rates.

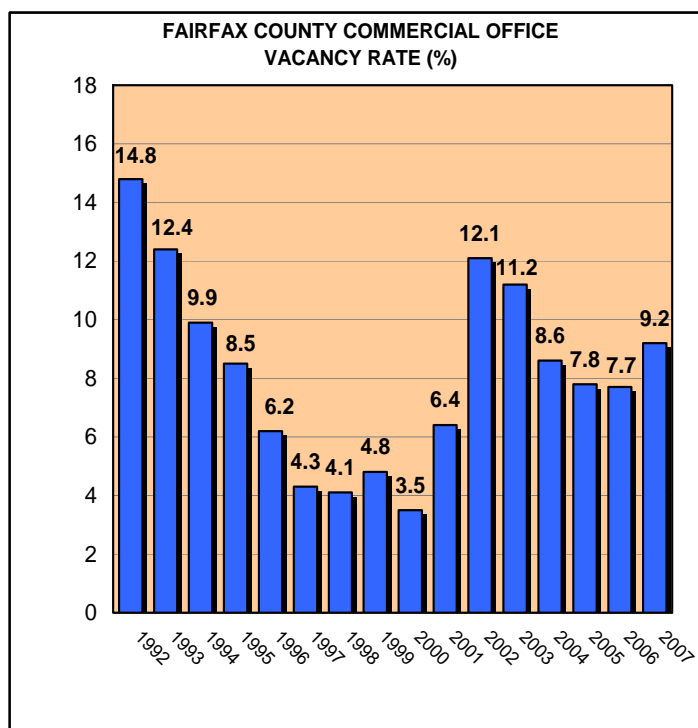
Year-end 2007 marks the third consecutive reporting period that the office vacancy rate has increased. At year-end 2007, the direct office vacancy rate in Fairfax County was 9.2 percent; a gain of 0.7 percentage points over the 8.5 percent rate reported at mid-year 2007 and 1.5 percentage points higher than the 7.7 percent recorded at the end of 2006. The overall vacancy rate, which includes space available through subleases, rose from 10.2 percent at mid-year 2007 to 10.9 percent at year-end, and represents an increase of 1.7 percentage points over the year-end 2006 rate of 9.2 percent.

EDA expects the vacancy rate to continue to rise in 2008 due to a decline in leasing activity coupled with an additional 4.0 million square feet of office space scheduled to be delivered in the coming year. This is the largest amount of space to deliver since 2001.

Construction Activity

At the end of 2007, 4.3 million square feet of space in 26 buildings was under construction in the County. Fourteen of the 26 buildings under construction are speculative. The speculative building represents over 2.0 million square feet, or 59 percent of the total space under construction.

Office deliveries are anticipated to decline significantly in 2009, as only one of the buildings under construction at the end of 2007 is scheduled to deliver in 2009.



Source: Fairfax County Economic Development Authority.

Inquiries regarding this publication 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, Revenue and Economic Analysis Coordinator; John Ganeski, Budget Analyst.