



DEPARTMENT OF MANAGEMENT AND BUDGET

FAIRFAX COUNTY ECONOMIC INDICATORS ©

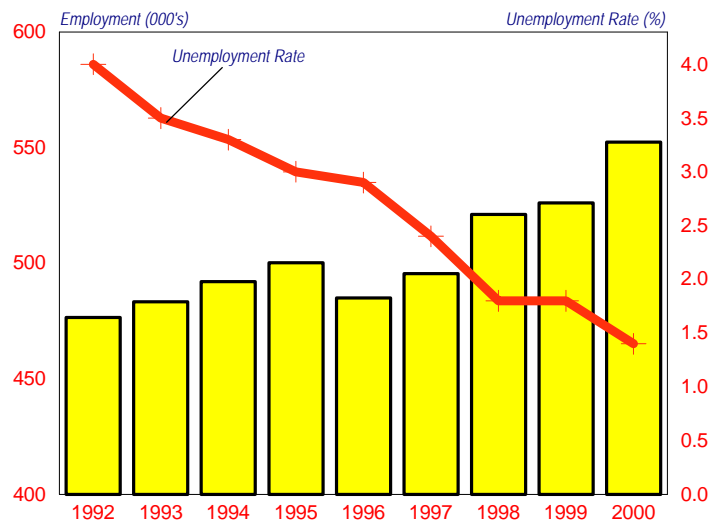
Publication 99

OCTOBER 2000

OCTOBER HIGHLIGHTS

- ❑ September unemployment in Fairfax County holds steady at 1.4 percent.
- ❑ October Sales Tax receipts for Fairfax County are up 14.0 percent over October 1999 and up 7.5 percent since the beginning of the Fiscal Year, July 1, 2000.
- ❑ The volume of new dwelling permits is still lower than last year's levels, but repair and alteration permits are showing strong growth.
- ❑ Homes sales data through September show that sales volume is down for new homes but up for existing homes, and median sales prices are rising.
- ❑ Consumer Confidence fell sharply in October due to apprehension about a cooling economy, soaring oil prices, and volatility in the financial markets.
- ❑ In October, the Fairfax County Coincident Index rose while the Leading Index declined. The County's economy is still steady but leading indicators point to gradual slowing.
- ❑ According to data from the Commerce Department, incomes rose in September at the fastest pace in more than a year, and consumer spending grew by the largest amount since February. The report indicates that, while the overall economy may be slowing, the all-important consumer sector still has plenty of momentum.

RESIDENTIAL EMPLOYMENT - SEPTEMBER



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

According to the Virginia Employment Commission (VEC), the September unemployment rate in Fairfax County held steady at 1.4 percent for the second month in a row. That rate is 0.4 points lower than the September 1999 rate of 1.8 percent.

Statewide, the September unemployment rate remained unchanged from July and August at 2.6 percent. That rate is the lowest September unemployment figure in 31 years, since the rate was 2.5 percent in 1969. The 2.6 percent rate is below both the September 1999 Virginia rate of 3.0 percent (which was slightly inflated due to Hurricane Floyd) and the September 2000 nationwide rate of 3.8 percent.

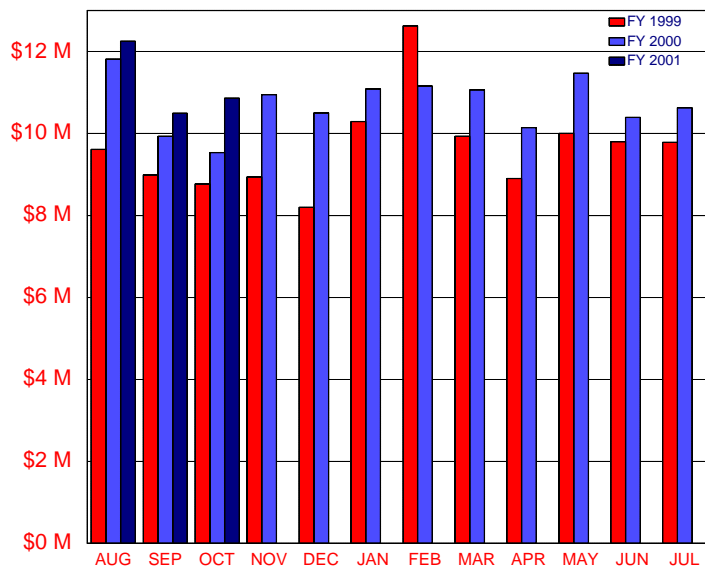
The fourth quarter is usually a period of high employment according to the VEC. Virginia sometimes sees its lowest unemployment of the year in the fourth quarter as fall crops are being processed, contractors are rushing to finish projects before cold weather sets in, and retailers have their busiest time of the year.



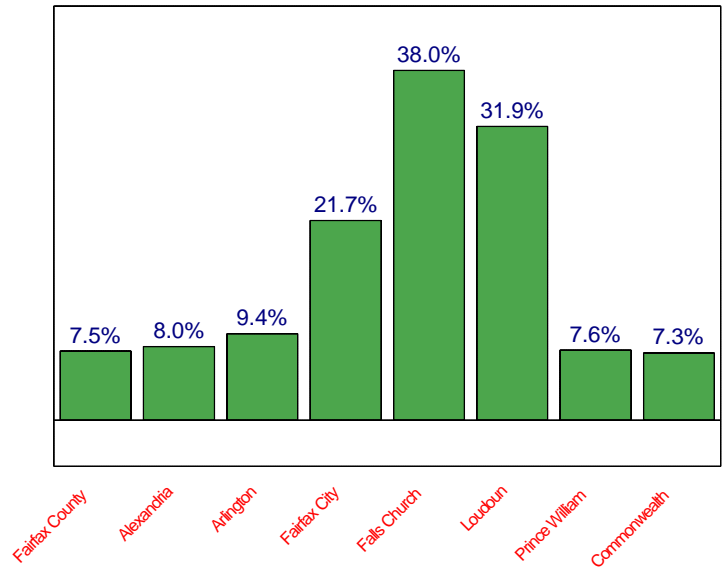
The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

<http://www.co.fairfax.va.us/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 2001 SALES TAX RECEIPTS THROUGH OCTOBER

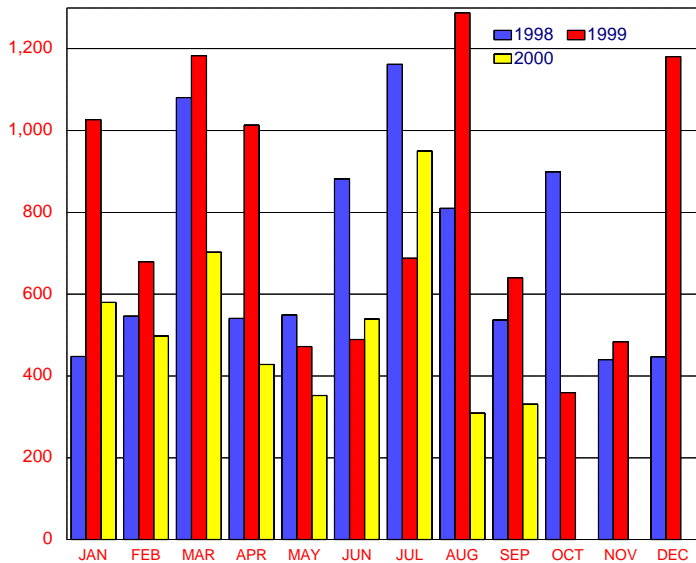
Source: Virginia Department of Taxation
 Compiled by the Fairfax County Dept. of Management and Budget

October sales tax receipts for Fairfax County, representing retail purchases made in August, rose 14.0 percent over October 1999. Year-to-date, sales tax receipts are up 7.5 percent over the same period last year.

In October, seasonally adjusted advance retail sales estimates for the U.S. are up 0.1 percent over September, and up 7.0 percent over October 1999, according to the Commerce Department. Durable goods sales decreased 0.5 percent from September, but are up 4.5 percent over October last year. Furniture sales rose 5.6 percent over October 1999, and automobile sales are up 5.2 percent during the same period. October nondurable goods increased 0.4 percent over September and 8.8 percent over October 1999. Gasoline sales are up 17.0 percent from October a year ago, and drug stores sales are up 11.3 percent from last year.

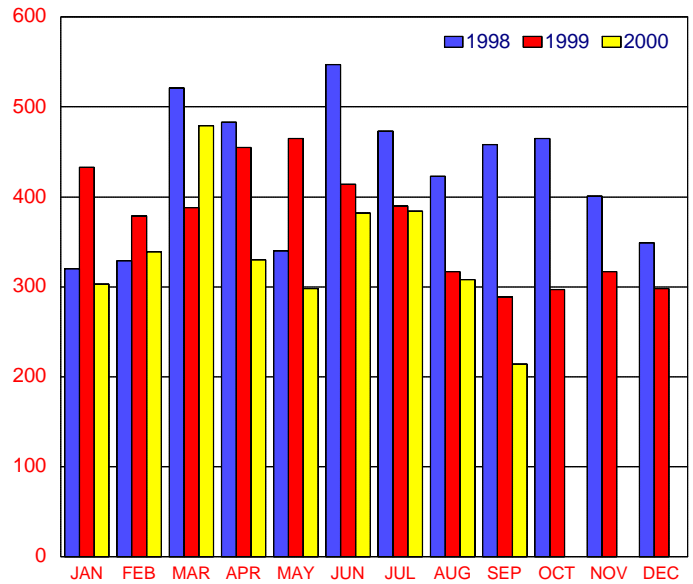
Through the first four months of FY 2001, Sales Tax receipts have shown moderate to strong growth. Falls Church has the largest year-to-date growth—up 38.0 percent over October 1999, with Loudoun a close second at 31.9 percent growth. Fairfax City is the only other jurisdiction in double digits with 21.7 percent growth year-to-date. Sales Tax receipts through October are up 9.4 percent in Arlington, 8.0 percent in Alexandria, 7.6 percent in Prince William, and 7.5 percent in Fairfax County. Sales Tax receipts are up 7.3 percent Statewide over the same period last year.

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW DWELLINGS



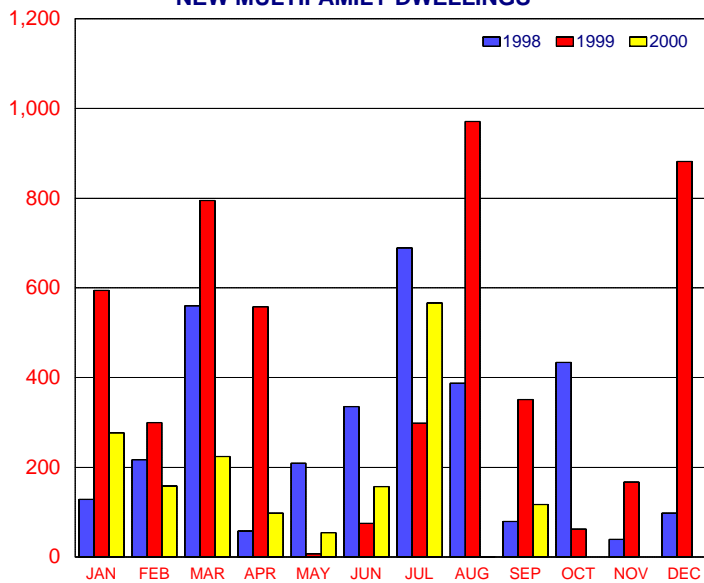
Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

NUMBER OF RESIDENTIAL BUILDING PERMITS 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 NEW MULTIFAMILY DWELLINGS

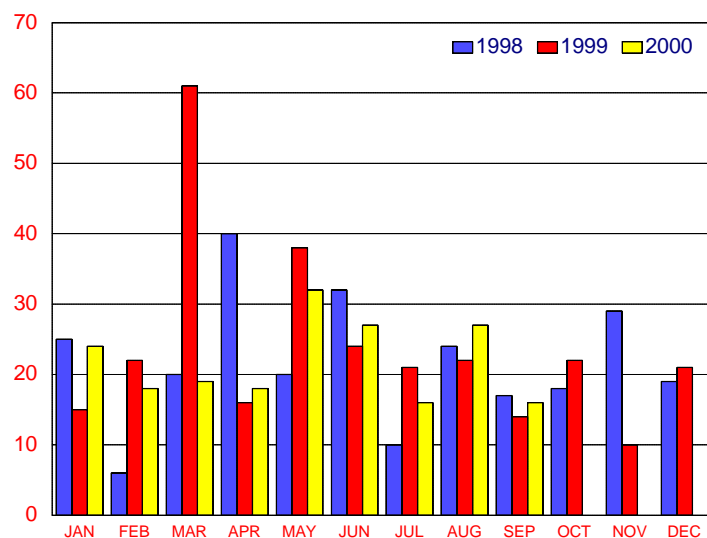


Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

Year-to-date growth is negative across all new residential permit categories. In total, new residential dwelling permits are down 37.3 percent, or 2,790 permits, through September. Multifamily permits are down 58.2 percent, or 2,297 permits, while single family permits are down 14.0 percent, or 493 permits, over the same period.

However, residential repair and alteration permits continue to show strong year-to-date growth. Through September, issues of residential repair and alteration permits have increased 34.3 percent, or 3,718 permits, over September 1999.

NUMBER OF NONRESIDENTIAL BUILDING PERMITS NEW STRUCTURES



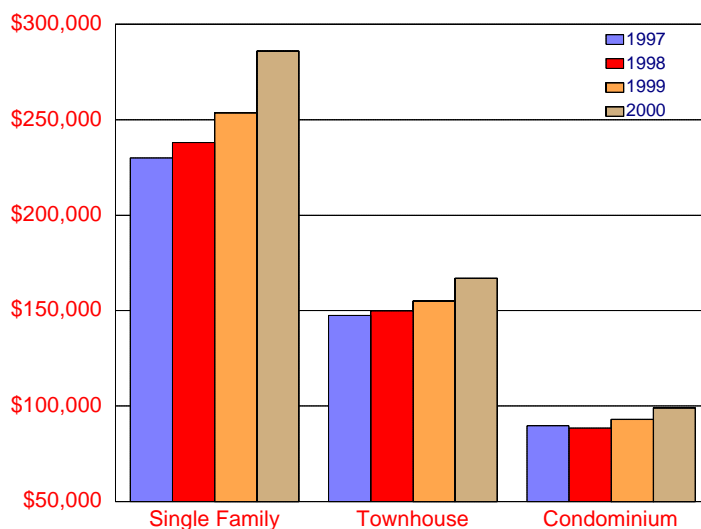
Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

Nonresidential building permits issued through September are down 15.5 percent, or 36 permits, from the same period in 1999. Nonresidential repair and alterations permits, however, are up 15.6 percent, or 485 permits, year-to-date.

According to data from the Fairfax County Economic Development Authority's Midyear 2000 Real Estate Report, vacancy rates for office space have fallen from 4.8 percent to 3.2 percent since the end of 1999 despite adding 2.3 million square feet of office space during that same period. Additionally, 52 office buildings are currently under construction, which will provide an additional 8.7 million square feet of space. When these buildings are complete, Fairfax County will have nearly 100 million square feet of office space.

HOME SALES IN FAIRFAX COUNTY

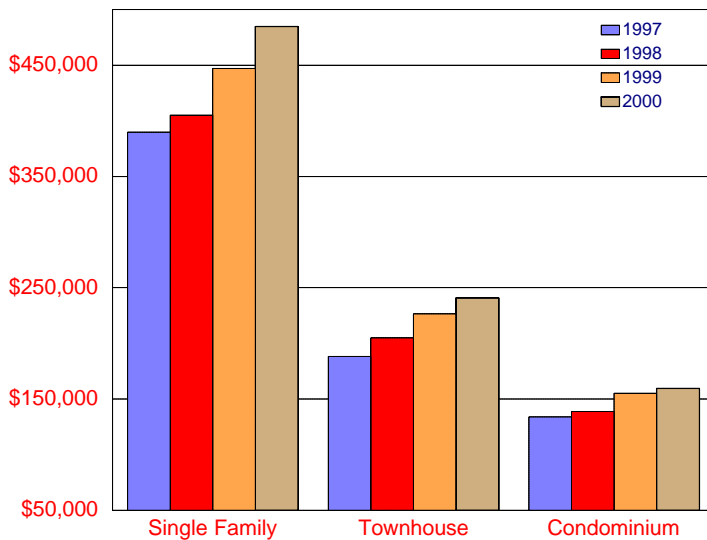
MEDIAN PRICE OF EXISTING HOMES SOLD JANUARY-SEPTEMBER 2000 COMPARED TO ANNUAL MEDIAN PRICES 1997 - 1999



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

According to home sales data through the end of September 2000, existing homes in Fairfax County have experienced moderate to strong growth in median sales prices. For existing single family homes, the median is \$285,950 compared to the 1999 median of \$253,625—growth of 12.8 percent. The median sales price for townhomes grew 7.7 percent from \$155,000 in 1999 to \$167,000 through September 2000. The median for condominiums increased from \$93,000 to \$99,000, representing growth of 6.5 percent.

**MEDIAN PRICE OF NEW HOMES SOLD
JANUARY-SEPTEMBER 2000 COMPARED TO
ANNUAL MEDIAN PRICES 1997 - 1999**

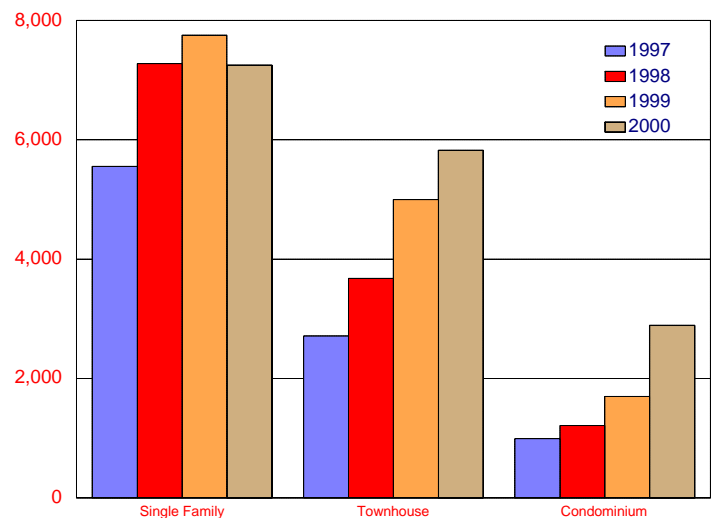


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Changes in selling prices, coupled with the volume of sales, are generally considered to be 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 the selling prices within neighborhoods.

Growth in median sales price for new homes is moderate according to sales data through September. The median sales price for a new single family home is \$484,641, an increase of 8.4 percent, or \$37,694, over the 1999 median of \$446,947. New townhomes have increased 6.4 percent, from \$226,520 to \$240,915, while condominiums have grown from \$155,155 to \$159,575, or 2.9 percent, over the same period.

**NUMBER OF EXISTING HOMES SOLD
JANUARY-SEPTEMBER 1997-2000**



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

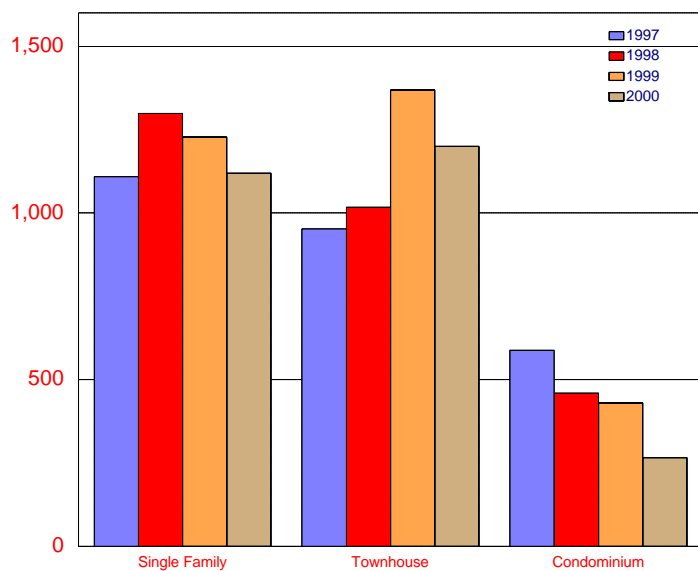
**PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD
YEAR-END 1999 COMPARED TO 2000 THROUGH SEPTEMBER**

	Existing Sales	New Sales
Single Family	12.8	8.4
Townhouse	7.7	6.4
Condominium	6.5	2.9

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

Existing condominiums and townhomes have shown strong growth in sales volume through September 2000. Condominium sales were up 70.3 percent from 1,698 to 2,891, while townhome sales were up by 16.6 percent from 4,996 to 5,823. Existing single family home sales through September 2000 fell 502 units, or 6.5 percent, from 7,754 to 7,252.

NUMBER OF NEW HOMES SOLD JANUARY-SEPTEMBER 1997-2000



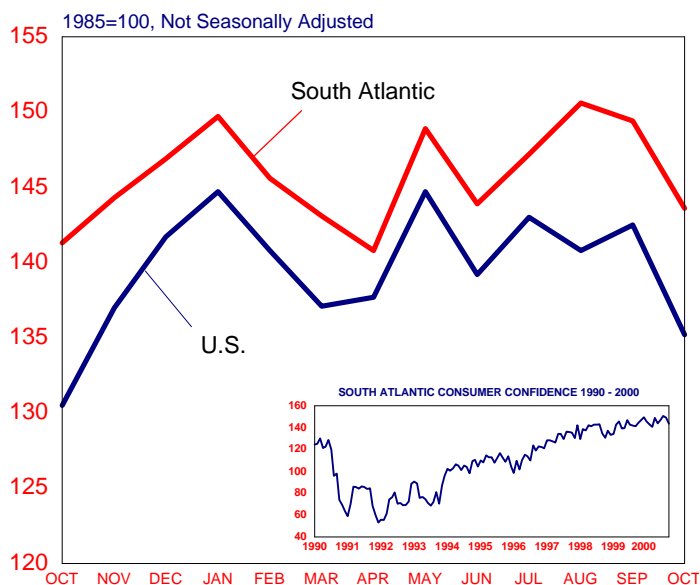
Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

New home sales volume through September is down across all housing categories compared to the same period last year. New condominium sales have fallen from 430 in 1999 to 266 in 2000—a decline of 38.1 percent. Townhome sales have fallen 12.3 percent, from 1,369 to 1,200. New single family home sales declined 8.9 percent from 1,228 to 1,119.

The Northern Virginia real estate market picked up in September after a quiet summer, suggesting that the current period of record growth is not over according to data from the Virginia Association of Realtors (VAR). September sales volume in Fairfax, Arlington, and Alexandria increased 12 percent from September 1999. Further, homes continued to sell at a fast pace with the average home in those areas being on the market for just 28 days from listing to closing, compared to the statewide average of 117 days. According to VAR figures, strength in the real estate market will continue through the end of the year. Pending home sales, which usually translate into sales within a month or two, were up 18.9 percent statewide over September 1999, and up 18.6 percent in Northern Virginia.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDEX

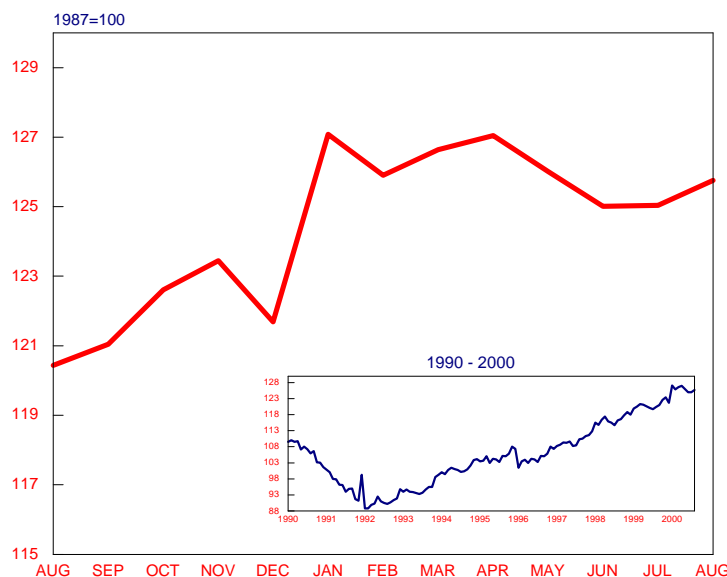


Source: Conference Board
Compiled by the Fairfax County Dept. of Management and Budget

The Conference Board's Consumer Confidence Index, which had improved in September, fell sharply in October, from 142.5 to 135.2. Consumers' confidence in current economic conditions decreased 3.0 percent from September, while their short-term outlook decreased 7.3 percent. According to Lynn Franco, Director of The Conference Board's Consumer Research Center, consumer confidence has eroded due to a cooling economy and apprehension about soaring oil prices and volatility in the financial markets. The South Atlantic Consumer Confidence Index is 143.6 in October, a 3.9 percent decrease from September.

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



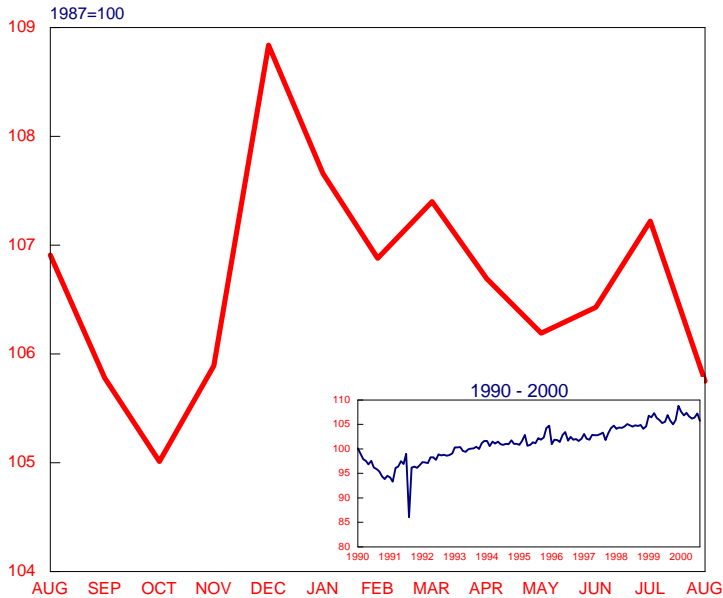
Sources: Mason Enterprise Center, George Mason University
Compiled by the Fairfax County Dept. of Management and Budget

The Fairfax County Coincident Index, which represents the current state of the County's economy, increased in August to 125.8—a 0.6 percent increase over July. This month's slight increase follows decreases in June and July. However, the Index has registered a 1.0 percent gain over August 1999. Two of the index's four components were positive in August. Total employment increased in August following decreases in June and July, and consumer confidence registered a moderate gain after decreasing in July. However, transient occupancy tax collections, adjusted for inflation and seasonal variation, declined for the third consecutive month. Furthermore, sales tax collections, adjusted for inflation and seasonal variation, also declined after having increased in both June and July.



The Washington Metropolitan Coincident Index is unavailable this month due to revisions that have changed the values of the Index over its full historic series. These revisions include improved estimators for missing data in the Index's early years and a retrending of the data to reflect the economy's more rapid growth over the past three years. Once the Index's historical data becomes available, the revised Coincident Index will be included.

FAIRFAX COUNTY LEADING INDEX



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 105.8 in August, dropping 1.4 percent from its July value. The Leading Index fell following two monthly gains and is now down 1.1 percent from August 1999. In August, three of the Index's five components contributed to its decline. Initial claims for unemployment insurance increased (worsened) in August for a second month and for the third time in four months. Residential building permits declined following two strong monthly gains, and the total value of residential building permits decreased after increasing in June and July and have now been down in four of the last six months. New automobile registrations, however, recorded a strong gain in August after decreasing for two months, and consumer expectations increased for a second month and have regained their May peak.



The Washington Metropolitan Leading Index is unavailable this month due to revisions that have changed the values of the Index over its full historic series. These revisions include improved estimators for missing data in the Index's early years and a retrending of the data to reflect the economy's more rapid growth over the past three years. Once the Index's historical data becomes available, the revised Leading Index will be included.

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, Assistant Director; Marcia Wilds, Matt Roylance, analysts; and Frann Shurnitski, technical support.

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