The unemployment rate in Fairfax County rose from 2.5 percent in May to 2.6 percent in June 2003.

July Sales Tax receipts for Fairfax County are $10.3 million, 1.0 percent lower than July 2002; however, fiscal year-end 2003 receipts grew 1.0 percent over FY 2002.

New residential permits have declined 38.4 percent, calendar year-to-date. A multi family permits are down 72.3 percent while single family permits are down 2.5 percent calendar year-to-date.

Sales volume through the first five months of calendar year 2003 grew 4.9 percent for new condominiums but fell significantly for new single family homes and townhomes.

Sales volume increased for all existing home types, with existing condominiums experiencing significant growth of 19.7 percent, year-to-date.

Consumer Confidence declined in July after remaining virtually flat in June. The decrease was attributed to the rising level of unemployment. Lynn Franco, Director of the Conference Board’s Consumer Research Center, notes that, “Expectations are likely to remain weak until the job market becomes more favorable.”

In May, both the Fairfax County and Metropolitan Washington Coincident Indices decreased. The economic expansion has not yet shifted into recovery as consumers are still cautious with discretionary spending.

Both the Fairfax County and Metropolitan Washington Leading Indices increased in May. Dr. Stephen Fuller indicated that signs are positive for a stronger second half of the year.

Unemployment in Fairfax County grew 0.1 percent from 2.5 percent in May to 2.6 percent in June 2003. The June 2003 rate is below that of one year ago when the rate was 3.3 percent.

The Virginia Employment Commission (VEC) released its June 2003 labor figures for the Commonwealth and reported that the unemployment rate rose to 4.2 percent, a 0.3 percent increase over the revised May 2003 level of 3.9 percent. The 4.2 percent June 2003 state jobless rate was below the June 2002 Virginia unemployment rate of 4.4 percent. Compared nationally, Virginia was well below the U.S. rate of 6.5 percent.

The VEC reports that all eight Virginia metropolitan areas had increased unemployment rates from May to June 2003 due to high school students entering the labor market. The students increased the state’s labor force by 51,400 to set a new record of 3,851,600, surpassing the previous record set in July 2002 by 1.1 percent. Despite an increase of 0.1 percent in the jobless level from 2.7 percent to 2.8 percent, the Northern Virginia metropolitan area experienced the state’s lowest unemployment rate in June 2003. The Danville area, where the state’s highest metropolitan unemployment rate increased from 9.9 percent to 10.9 percent in June, was strongly impacted by the seasonal low point in tobacco employment.

The Fairfax County Economic Indicators is on the Web and can be accessed at:
http://www.fairfaxcounty.gov/comm/economic/economic.htm
July Sales Tax receipts for Fairfax County, representing retail purchases made in May, are $10.3 million—1.0 percent lower than July 2002. Final FY 2003 Sales Tax receipts totaled $125.6 million, 1.0 percent higher than FY 2002. Fairfax County’s Sales Tax receipts for FY 2003 represent taxes distributed from the Commonwealth from August 2002 through July 2003.

According to the Commerce Department, seasonally adjusted preliminary retail sales estimates for the U.S. in June increased 0.5 percent over the previous month and increased 4.2 percent over June 2002. Compared to last year, health and personal care store sales were up 5.1 percent, building materials and garden equipment sales were up 6.1 percent, gasoline station sales were up 5.8 percent, and motor vehicle and parts dealers were up 5.5 percent from June last year.

The following is a comparison of Fairfax County's FY 2003 growth in Sales Tax receipts with other Northern Virginia jurisdictions for the period August 2002 through July 2003. For this period, all Northern Virginia localities report growth in Sales Tax receipts, with the exception of Falls Church. Sales Tax receipts are up 7.5 percent in Fairfax City, 1.0 percent in Fairfax County, 2.4 percent in Alexandria, 5.4 percent in Loudoun County, 4.2 percent in Prince William County, and 2.8 percent in Arlington County. Sales Tax receipts in Falls Church experienced a decline of 5.1 percent. Statewide, Sales Tax receipts were up 2.5 percent during this twelve month period.
The overall growth rate of new residential permit categories has decreased, calendar year-to-date. Through June, new residential dwelling permits are down 38.4 percent, or 1,258 permits. In June, 41 multifamily permits were issued, bringing the calendar year-to-date total to 466, a 72.3 percent decline from the same period last year. Single family permits from January through June total 1,554, down 2.5 percent, or 39, from the same period in 2002.

Residential repair and alteration permits issued through June 2003 have declined 6.7 percent, or 400 permits, from the same period last year.

**NOTE:** In August 2000 and 2001, only one multifamily permit was issued and in February 2002, only two permits were issued; in April 2003, no permits were issued; therefore, the bars are too small to discern.
The number of nonresidential building permits issued through June is 140, an increase of 62.8 percent, or 54 permits over the same period in 2002. Nonresidential repair and alterations permits issued through June are 1,724, down 2.2 percent, or 39 permits from last year.

Home sales data through the first five months of the calendar year indicates that the median sales price of existing single family homes is $395,000 compared to the 2002 median of $376,000—growth of 5.1 percent. The year-to-date median for townhomes has grown to $255,000, 7.0 percent over the 2002 median of $238,265. The median for condominiums increased from $145,000 to $165,000, representing growth of 13.8 percent.
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.

New home sales data through May 2003 indicates the median sales prices for a new single family home is $640,450, an increase of 3.6 percent over the 2002 median price of $618,131. New townhomes increased 9.8 percent, from $338,875 to $371,949. The median sales price for condominiums increased 11.6 percent, from $259,830 in 2002 to $290,000 during the first 5 months of 2003.

Existing home sales volume is up for all home types through May 2003. Sales of existing townhomes have increased 5.5 percent from 2,928 to 3,089 and condominium sales are up 19.7 percent from 1,743 to 2,086. Single family homes sales have increased 3.5 percent during the first 5 months of the year, from 3,257 in 2002 to 3,370 in 2003.
Sales volume is down for new single family homes and townhouses through May 2003, while sales volume is up for condominiums. New townhome sales decreased 36.7 percent, from 575 to 364, while single family home sales fell 36.5 percent, from 663 to 421, year-to-date. New condominium sales rose 4.9 percent from 41 through May 2002 to 43 during the same period of 2003.

The Conference Board reports that the Consumer Confidence Index, which was virtually unchanged in June, declined in July 2003. The Index now stands at 76.6, compared to 83.5 in June. The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. The Present Situation Index measures consumers’ confidence in current business and employment conditions, while the Expectations Index measures consumers’ confidence in business, employment, and family income prospects six months hence. The two indices are averaged to form the composite Consumer Confidence Index.

In June, the Present Situation Index decreased to 61.9 points, a 2.3 point fall from last month. Lynn Franco, Director of the Conference Board’s Consumer Research Center indicated that the decline is the result of rising unemployment and the belief that labor market conditions will not change soon. The Expectations Index declined 10.0 points to 86.4. Ms. Franco notes that, “Expectations are likely to remain weak until the job market becomes more favorable.”
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**

![Graph of Fairfax County Coincident Index]

**METROPOLITAN COINCIDENT INDEX**

![Graph of Metropolitan Coincident Index]

Source: Center for Regional Analysis, George Mason University.
Compiled by the Fairfax County Department of Management and Budget.

The Fairfax County Coincident Index, which represents the current state of the County’s economy, decreased to 122.6 in May 2003—a 1.3 percent decline from April. This loss in May followed two monthly gains. Through the first five months of calendar year 2003 the Fairfax County Coincident Index has registered declines from the previous year for every month. In May, the Index is 3.5 percent below its May 2002 level.

In May, three of the Index’s four components contributed to its loss. Transient occupancy tax collections, adjusted for inflation and seasonal variation, declined for a third month; Sales tax collections, adjusted for inflation and seasonal variation, declined for a second month; and Consumer Confidence (in the present) fell after registering a strong gain in April. Total employment increased for a fourth consecutive month.

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, decreased to 102.2 in May 2003—a 0.5 percent decline from April. May marks the fifth monthly loss in six months, and compared to May 2002, the Index is down 5.8 percent.

In May, only one of the Index’s four components was responsible for its decline. Consumer confidence (in the present) fell in May after having increased sharply in April. Wage and salary employment increased for a third consecutive month; Domestic passenger volume at Reagan National and Dulles Airports increased for the second time in three months; and Nondurable goods retail sales were up for the fourth time in five months.
The Fairfax County Leading Index, which is designed to forecast the performance of the County’s economy 9 to 12 months in advance, increased to 103.8 in May 2003—a 0.3 percent gain over April. The Index registered small gains in April and May 2003 following declines in February and March 2003. The Fairfax County Leading Index is 0.5 percent above its May 2002 level.

In May, increases in four of the Index’s five components contributed to its gain. Initial claims for unemployment insurance declined (improved) in May following two monthly increases; Residential building permits increased after declining in April; The total value of residential building permits increased; and Consumer expectations (consumer confidence six month hence) gained slightly following a sharp gain in April; however, new automobile registrations fell for the third time in the last four months.

The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 6 to 8 months in advance, increased to 109.4 in May 2003 for a 0.8 percent gain over April. The Index is 0.7 percent above its May 2002 level. The Leading Index has been positive for two consecutive months pointing to possible economic expansion during the last half of the year.

In May, four of the Index’s five components contributed to its increase. Total residential building permits registered a strong gain in May after declining in April; Consumer expectations (consumer confidence six months hence) increased for a second consecutive month; Initial claims for unemployment insurance decreased (improved) following two monthly increases; the Help Wanted Index increased and now has been down in just one month this calendar year. Durable goods retail sales, however, fell in May after increasing in both March and April.

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