The unemployment rate in Fairfax County for December 2006 improved to 1.9 percent from the 2.1 percent recorded in December 2005. In addition, the number of employed County residents has increased 17,910 during the last twelve months. (See page 1)

February 2007 Sales Tax receipts for Fairfax County were $16.9 million, a decline of 1.3 percent from February 2006. However, Sales Tax receipts are up 3.8 percent, fiscal year-to-date. (See page 2)

The number of active residential real estate listings in February 2007 increased 3.6 percent over the prior year to 5,514. (See page 3)

Homes sold in February 2007 had been on the market for an average of 113 days, an increase of 51 days over the level reported one year ago. (See page 3)

The February 2007 Consumer Confidence Index rose to a five-and-a-half year high. (See page 4)

As reported by Freddie Mac, interest rates on conventional 30-year fixed rate mortgages increased for the second consecutive month to 6.29 percent in February. (See page 4)

Residential Employment

Homes sold in February 2007 had been on the market for an average of 113 days, an increase of 51 days over the level reported one year ago. (See page 3)

The December 2006 unemployment rate in Virginia was 2.7 percent, an improvement of 0.3 percentage points from the December 2005 level of 3.0 percent. On the national level, the unemployment rate in December was 4.5 percent, down from 4.9 percent in December 2005.
Retail Sales

Fairfax County Sales Tax Receipts

February 2007 Sales Tax receipts for Fairfax County, representing retail purchases made in December, were $16.9 million, a loss of 1.3 percent from February 2006. Fairfax County Sales Tax collections for first seven months of FY 2007 total $95.3 million, signifying an increase of 3.8 percent over the same period of FY 2006.

Neighboring Jurisdictions

Based on information provided by the Virginia Department of Taxation, Sales Tax receipts in Northern Virginia localities were mixed during the first seven months of FY 2007. Sales Tax receipts grew 3.9 percent in Alexandria, 3.8 percent in Fairfax County; 1.8 percent in Arlington County; and 1.4 percent in Falls Church. In contrast, during the same period, Sales Tax receipts fell 0.1 percent in Prince William County; 0.6 percent in Loudoun County; and 2.0 percent in Fairfax City. For the period August 2006 through January 2007, statewide Sales Tax receipts gained 4.3 percent over the corresponding period a year ago.

National Retail Sales

According to the Commerce Department, seasonally adjusted preliminary December 2006 retail sales for the U.S. rose 5.4 percent over December 2005. Compared to the prior year, sales from electronics and appliance stores and food services places improved 15.0 and 9.3 percent, respectively.
Inventory of Homes for Sale in Fairfax County

The inventory of homes for sale is beginning to show signs of stabilizing. As reported by Metropolitan Regional Information Systems Inc. (MRIS), the number of active residential real estate listings for February 2007 was 5,154, representing a moderate increase of 179 listings or 3.6 percent over the February 2006 level. February marks the only time during the last 12 months that the growth rate in the inventory of homes for sale was in the single digit range and is in stark contrast to the tripling of inventory experienced during February and March 2006.

**ACTIVE RESIDENTIAL REAL ESTATE LISTINGS IN FAIRFAX COUNTY**

<table>
<thead>
<tr>
<th>Month</th>
<th>Listings</th>
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<tr>
<td>Feb-06</td>
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</tr>
</tbody>
</table>

Source: Metropolitan Regional Information Systems Inc. Compiled by the Fairfax County Department of Management and Budget

**AVERAGE DAYS ON THE MARKET IN FAIRFAX COUNTY**

In the last twelve months, the average number of days that a house is on the market before being sold has increased over 82 percent. MRIS reported that the average days on the market for active residential real estate listings rose from 62 days in February 2006 to 113 days in February 2007, representing an increase of 51 days. Nearly two thirds of the homes sold in February were on the market for more than 60 days before being sold. In addition, the average days on the market before a house is sold has not exceeded 100 days in the last seven years.

The increasing average number of days on the market is allowing more sales price negotiation. In February 2007, homes sold for an average of 93.4 percent of their asking price, a decline from the 96.8 percent recorded in February 2006.

Source: Metropolitan Regional Information Systems Inc. Compiled by the Fairfax County Department of Management and Budget
Consumer Confidence Index

The February Consumer Confidence Index gained 2.3 points to 112.5 in February 2007. According to the Conference Board, "it appears that the pace of economic growth exhibited in the final months of 2006 has carried over into early 2007 and may have even gained a little momentum."

The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. In February 2007, the Present Situation Index was 139.0, registering a robust increase of 5.1 points over January. In addition, the Expectations Index rose a modest 0.4 points to 94.8 in February.

Lynn Franco, Director of the Conference Board's Consumer Research Center, states, "Consumer Confidence now stands at a five-and-a-half year high (August 2001, 114.0), as improving present-day business conditions and an easing in the proportion of consumers claiming jobs are hard to get have combined to lift consumers' spirits."

In 2006, the annual average interest rate on conventional 30-year fixed rate mortgages was 6.41 percent, the highest level in four years. Prior to 2006, interest rates on conventional 30-year fixed rate mortgages had held relatively steady with annual average rates of 5.84 percent and 5.87 percent in 2004 and 2005, respectively. 2006 marks the first time the annual average rate has surpassed 6.0 percent since 2002. The 2006 rate is still below the average rate experienced during the first three years of this decade when the average annual rate was 7.19 percent.

According to Freddie Mac’s Chief Economist Frank Nothaft, interest rates are not expected to change much in 2007, "with rates on 30-year fixed-rate mortgages averaging between 6.3 and 6.4 percent for the remainder of the 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.

Note: the number and price of new and existing homes sold in Fairfax County will be reported in the March issue of the Economic Indicators.