



DEPARTMENT OF MANAGEMENT AND BUDGET

FAIRFAX COUNTY ECONOMIC INDICATORS ©

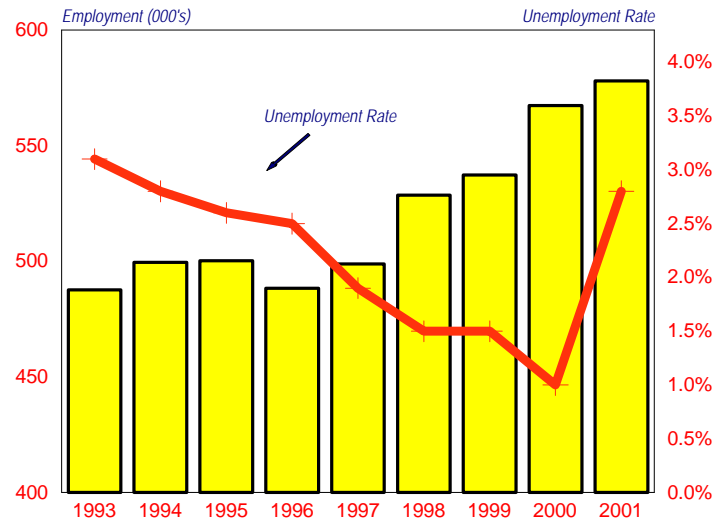
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JANUARY 2002

JANUARY HIGHLIGHTS

- The November unemployment rate in Fairfax County rose to 2.8 percent—a 0.1 point increase from October
- January Sales Tax receipts for Fairfax County were 2.9 percent lower than January 2001, and fiscal year-to-date growth was down 6.5 percent.
- The overall growth rate of new residential permits increased in December by 5.0 percent year-to-date. Multifamily permits were up 30.6 percent and single family permits were down 9.9 percent.
- According to homes sales data through November, sales volume was up for existing homes and down for new homes. Median sales prices showed strong growth for both categories.
- Consumer Confidence continued to improve in January. Consumer optimism has risen due to stabilizing employment conditions and signals that the economy may rebound by the middle of this year.
- In November, the Fairfax County Coincident Index decreased and the Leading Index registered a slight gain.
- The Metropolitan Washington Coincident Index declined slightly and the Leading Index increased in November.
- The decline of the Fairfax County and Metropolitan Washington Coincident Indices reflects the negative impact of the events of September 11 on the short-term performance of the Washington area economy.

RESIDENTIAL EMPLOYMENT - NOVEMBER



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

According to the Virginia Employment Commission (VEC), the November unemployment rate in Fairfax County rose to 2.8 percent—a 0.1 point increase from October. The November 2001 rate was 1.8 points higher than the November 2000 rate of 1.0 percent.

Statewide, the unemployment rate increased in November 0.1 point to 3.6 percent. Virginia's unemployment rate has not been this high since September 1997 when joblessness was at 4.0 percent. The increase in unemployment was centered in Northern Virginia where many lost jobs at Reagan National Airport and other tourism-related venues after the events of September 11. Northern Virginia unemployment figures have more than doubled since November 2000. In other parts of the State, reductions in recreation facility jobs, temporary furloughs due to the Veterans' Day and Thanksgiving Day Holidays, and slower than expected holiday sales contributed to the unemployment rate.



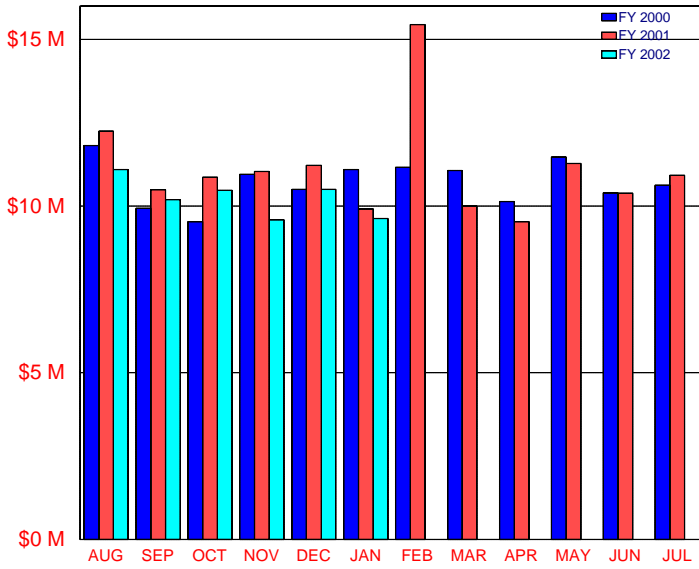
The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

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



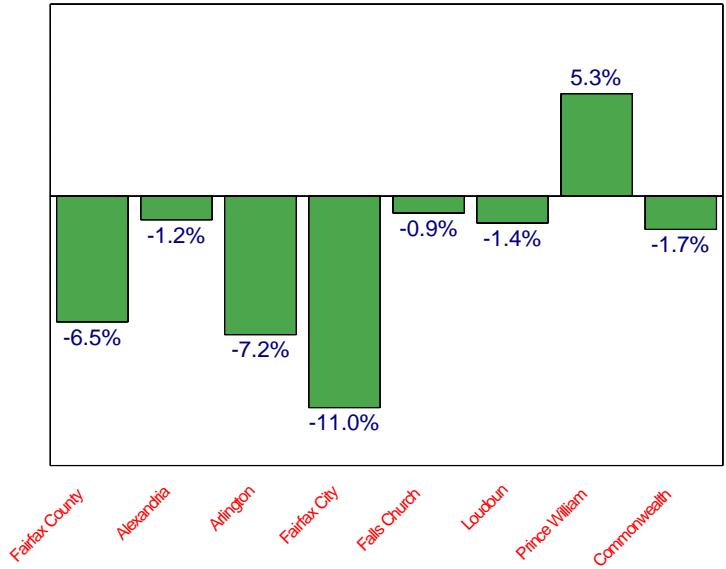
SALES TAX REVENUES

(revenues represent retail sales two months prior)



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

FY 2002 SALES TAX RECEIPTS THROUGH JANUARY



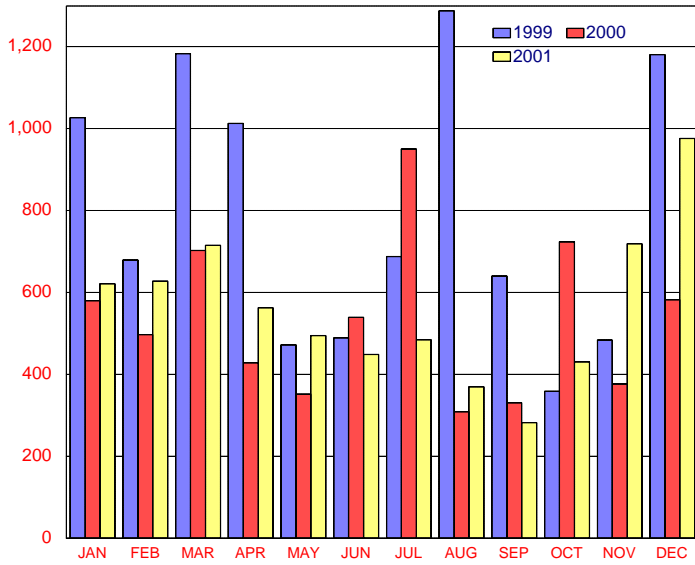
Source: Virginia Department of Taxation
Compiled by the Fairfax County Dept. of Management and Budget

January Sales Tax receipts for Fairfax County, representing retail purchases made in November, were \$9.6 million—2.9 percent lower than January 2001. Fiscal year-to-date, Sales Tax receipts were 6.5 percent lower than the same period last year. Despite increased motor vehicle sales over the past two months, Fairfax County tax receipts are not reflective of this increase because it does not collect a local sales tax on car sales.

According to the Commerce Department, seasonally adjusted preliminary retail sales estimates for the U.S. in December decreased 0.1 percent from last month, but were up 4.1 percent from December 2000. Compared to last year, motor vehicle sales were up 11.7 percent, health and personal care store sales were up 8.4 percent, and building materials and garden equipment sales were up 2.2 percent, while gasoline station sales were down 16.7 percent.

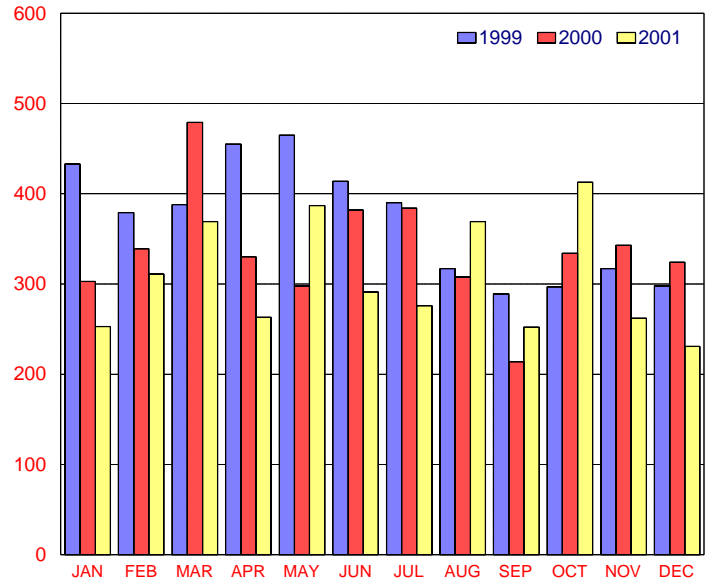
Sales Tax receipt growth from August through January has been negative among all the Northern Virginia localities except for Prince William County. These receipts represent the first six months of FY 2002 and correspond to retail purchases from June through November. Through January, Sales Tax receipts were down 11.0 percent in Fairfax City, 7.2 percent in Arlington, 6.5 percent in Fairfax County, 1.2 in Alexandria, 1.4 percent in Loudoun County, and 0.9 percent in Falls Church, year-to-date. Prince William County experienced positive growth to-date at 5.3 percent. During this same period, Statewide Sales Tax receipts were down 1.7 percent.

NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW DWELLINGS



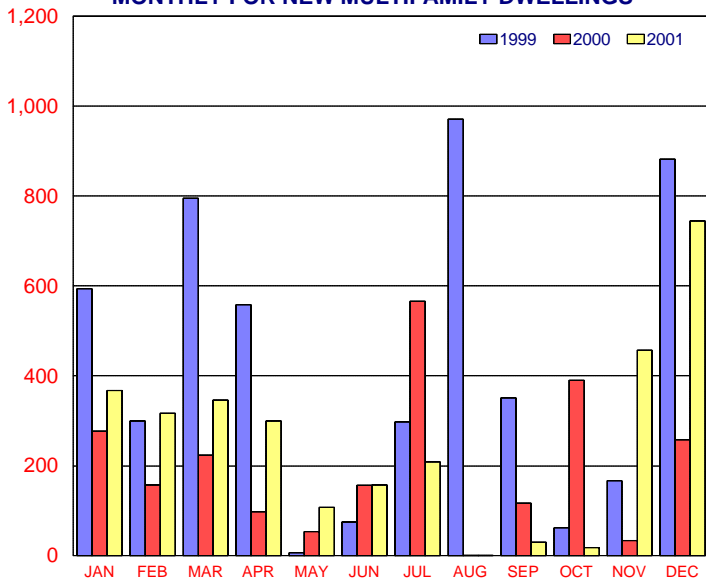
Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR 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 ISSUED MONTHLY FOR NEW MULTIFAMILY DWELLINGS



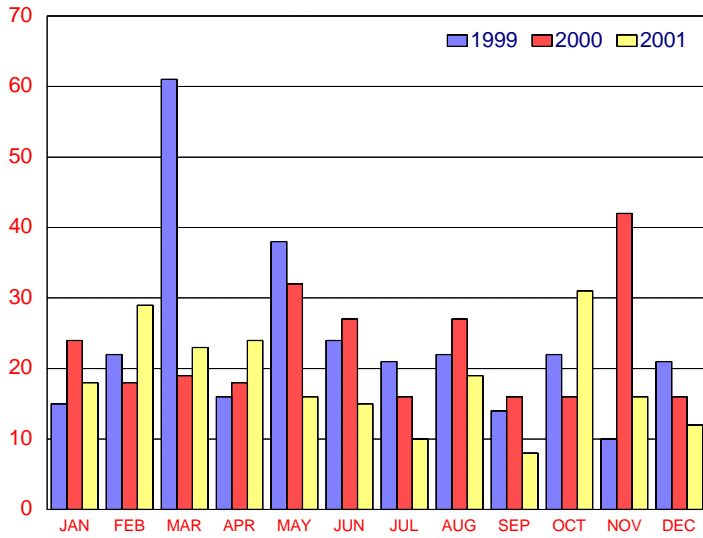
Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

Note: In August 2001, only one multifamily permit was issued; therefore, bar is too small to discern.

In 2001, total new residential dwelling permits were up 5.0 percent, or 316 permits. Multifamily permits were up 30.6 percent or 715 permits in 2001, while single family permits were down 9.9 percent, or 399 permits, from 2000.

Residential repair and alteration permits were down sharply in 2001. Issues of residential repair and alteration permits decreased 41.0 percent, or 7,482 permits, from year-end 2000.

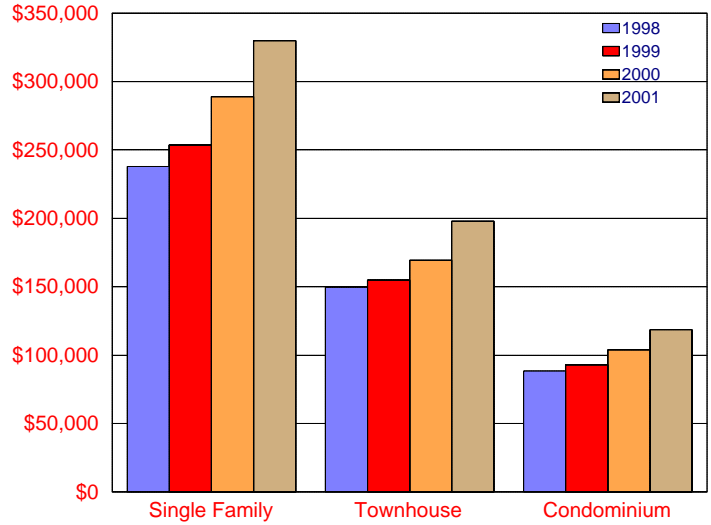
NUMBER OF NONRESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW STRUCTURES



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

HOME SALES IN FAIRFAX COUNTY

MEDIAN PRICE OF EXISTING HOMES SOLD NOVEMBER 2001 COMPARED TO ANNUAL MEDIAN PRICES 1998 - 2000

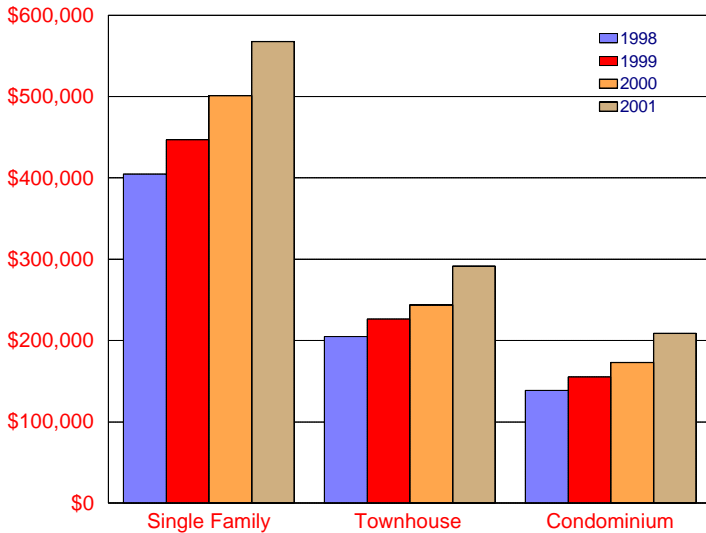


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Nonresidential building permits issued throughout 2001 were down 18.5 percent, or 50 permits, from 2000. Nonresidential repair and alterations permits were down 19.6 percent, or 895 permits, in 2001 from the previous year.

According to home sales data through the end of November 2001, existing homes in Fairfax County continued to experience strong growth in median sales prices. For existing single family homes, the median was \$330,000 compared to the 2000 median of \$289,000—growth of 14.2 percent. The median sales price for townhomes grew 16.8 percent from \$169,500 in 2000 to \$198,000 through November 2001. The median for condominiums increased from \$103,945 to \$118,700 representing growth of 14.2 percent.

**MEDIAN PRICE OF NEW HOMES SOLD
NOVEMBER 2001 COMPARED TO
ANNUAL MEDIAN PRICES 1998 - 2000**

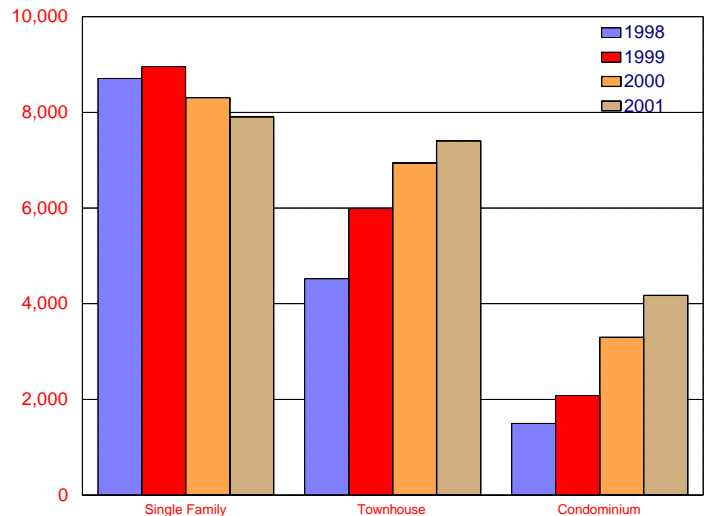


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Growth in median sales prices for new homes remains strong according to sales data through November 2001. The median sales price for a new single family home was \$567,960, an increase of 13.3 percent, or \$66,540, over the 2000 median. New townhomes have increased 19.5 percent, from \$244,067 to \$291,688, while the median for condominiums grew from \$173,226 to \$208,950, or 20.6 percent, over the same period.

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.

**NUMBER OF EXISTING HOMES SOLD
NOVEMBER 1998-2001**



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

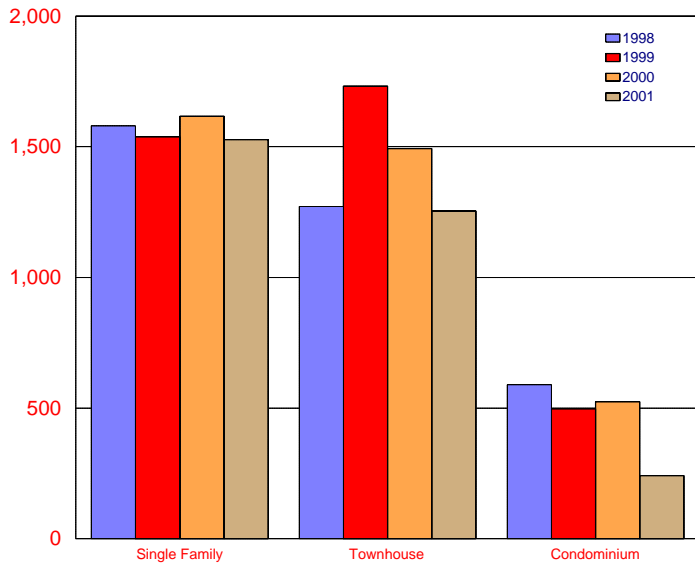
Existing home sales volume was up for townhomes and condominiums and down for single family homes according to sales data through November 2001. Single family home sales decreased by 402 units, or 4.8 percent, from 8,308 to 7,906. Townhome sales increased 6.6 percent from 6,946 to 7,403 while condominium sales were up 26.6 percent from 3,296 to 4,171 year-to-date.

**PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD
YEAR-END 2000 COMPARED TO 2001 THROUGH NOVEMBER**

	Existing Sales	New Sales
Single Family	14.2	13.3
Townhouse	16.8	19.5
Condominium	14.2	20.6

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

**NUMBER OF NEW HOMES SOLD
NOVEMBER 1998-2001**

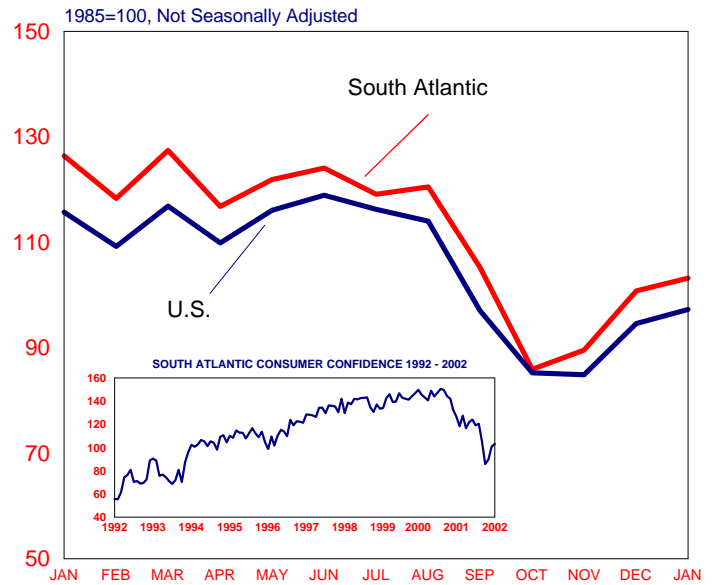


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

New home sales volume was down across all housing categories according to sales data through November 2001. New condominium sales fell from 524 in 2000 to 242 in 2001—a decline of 53.8 percent. New townhome sales decreased 16.0 percent, from 1,493 to 1,254, while single family home sales fell 5.6 percent, from 1,617 to 1,527 year-to-date.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDEX



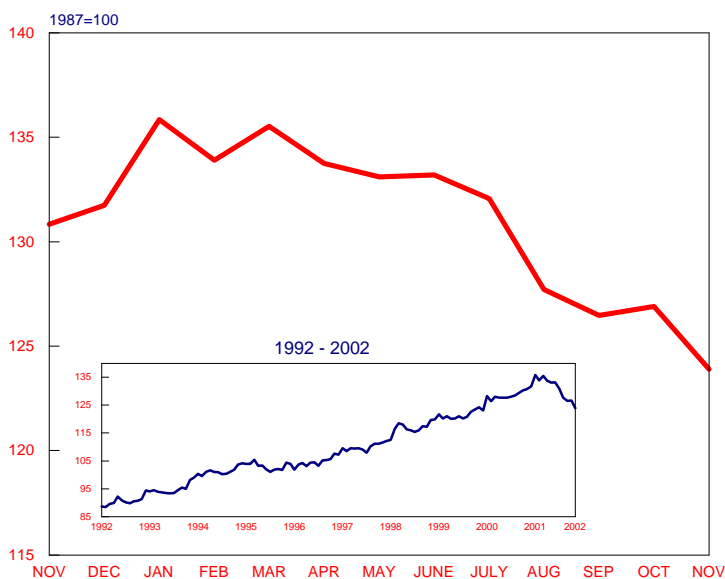
Source: Conference Board
Compiled by the Fairfax County Dept. of Management and Budget

The Conference Board reported that the Consumer Confidence Index continued to improve in January after plummeting in October and November to its lowest levels in seven years. The Index now stands at 97.3, up 2.7 points from December 2001. 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 January, the Present Situation Index remains the same as last month at 97.8. According to Lynn Franco, Director of the Conference Board's Consumer Research Center, consumer optimism is no longer at recession levels because of stabilizing unemployment figures and economic conditions. Consumers are still cautious, however, about current business conditions and job prospects. The Expectations Index offers a more optimistic outlook for the next six months due to an economic rebound that is expected by the middle of next year. The Expectations Index increased in January from 92.4 to 96.9. The South Atlantic Consumer Confidence Index also increased in January, rising 2.4 points to 103.2.

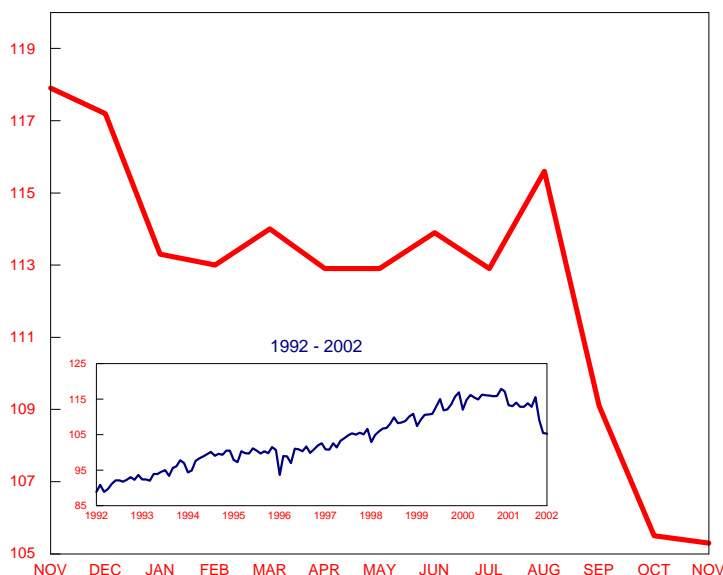
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices 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: Center for Regional Analysis, George Mason University
Compiled by the Fairfax County Dept. of Management and Budget

METROPOLITAN COINCIDENT INDEX

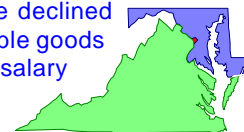


Source: Center for Regional Analysis, George Mason University
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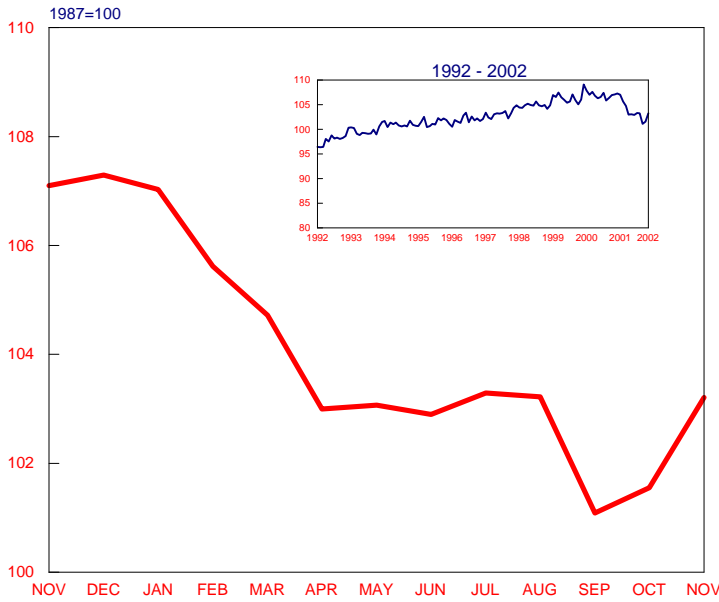
The Fairfax County Coincident Index, which represents the current state of the County's economy, decreased to 123.9 in November—a 2.1 percent decrease from October. The Index rebounded slightly last month, but has declined most of the year, losing 5.5 percent since November 2000. Fairfax County is still feeling the effects of September 11, which has taken a toll on the economy. All four of the Index's components contributed to its decline in November. Sales tax collections, adjusted for inflation and seasonal variation, decreased for the second time in three months, total employment decreased, transient occupancy tax collections, adjusted for inflation and seasonal variation, were down after a sharp increase in October, and consumer confidence fell for the fifth consecutive month.



The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, declined to 105.3 in November—a .13 percent decrease from October. The Index decreased 10.7 percent from November 2000 and much of the decrease is due to the events of September 11. In November, two of the Index's four components were negative. Domestic passenger volume at Dulles and Reagan Airports fell due to decreased airline service following the events of September 11 and consumer confidence declined for the fifth consecutive month. Nondurable goods retail sales increased and total wage and salary employment both increased for the second month in a row.

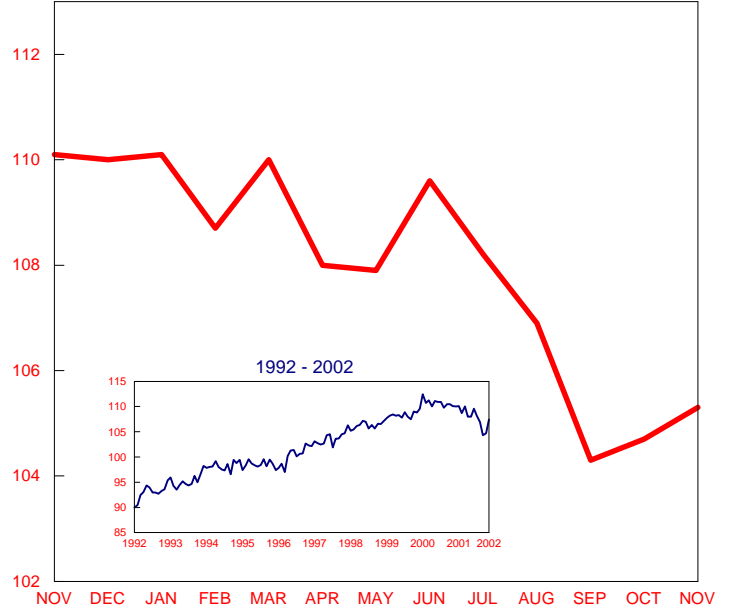


FAIRFAX COUNTY LEADING INDEX



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

METROPOLITAN LEADING INDEX



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

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 103.2 in November—a 1.6 percent gain over October. The index has increased for two consecutive months after experiencing the largest ever one-month decline in September due to the events of September 11. The increase suggests a modest re-acceleration in the economy as consumer expectations improve. In October, three of the Index's five components contributed to its gain. Residential building permits increased sharply for the second month in a row, initial claims for unemployment insurance decreased (improved) following three monthly gains, and consumer expectations improved after sharply declining for the past two months. New automobile sales decreased slightly after record-setting sales in October and the total value of residential building permits decreased for the third time in four months.



The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 9 to 12 months in advance, increased in November to 107.4, or 1.4 percent. The Leading Index has been up for three consecutive months after declining 4.5 percent since January 2000. The gains in the Index indicate a recovery in the local economy during the first six months of 2002. In November, two of the Index's five components contributed to its gain. Initial claims for unemployment insurance decreased (improved) for the second consecutive month and consumer expectations (consumer confidence six months hence) rose sharply after two monthly declines. Total residential building and durable goods retail sales declined after both showed strong growth in October and the Help Wanted Index dropped for the tenth consecutive month.



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