



# ECONOMIC INDICATORS<sup>®</sup>

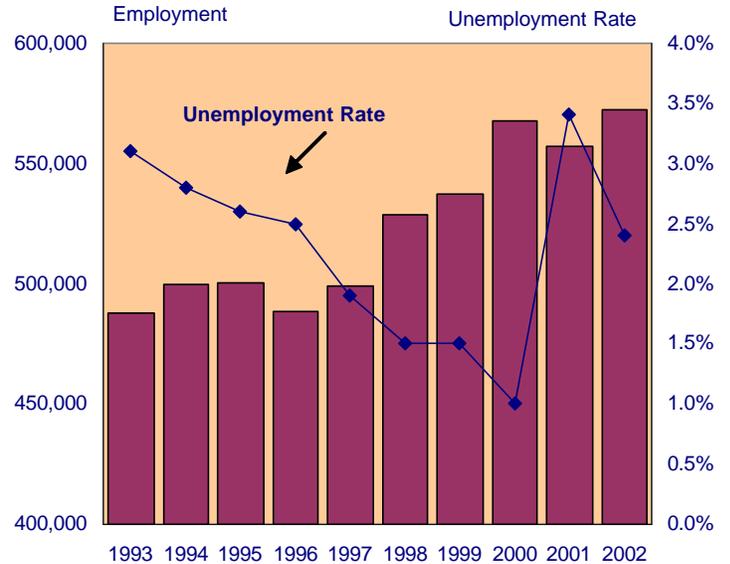
FAIRFAX COUNTY  
DEPARTMENT OF MANAGEMENT AND BUDGET

JANUARY 2003

## In this issue . . .

- The November unemployment rate in Fairfax County fell to 2.4 percent, 0.3 percent lower than in October.
- Sales Tax receipts for Fairfax County are 1.4 percent lower than the same period last year, fiscal year-to-date through January. After peaking in October, January marks the third consecutive monthly decline in Sales Tax receipts.
- The overall growth rate of new residential permits has decreased by 8.5 percent for the full calendar year. Through December, multifamily permits are up 2.5 percent, while single family permits are down 17.6 percent.
- According to homes sales data through November, sales volume was up for existing homes and down for new homes. Median sales prices showed growth for both existing and new home sales.
- Consumer Confidence fell in January for the second consecutive month, eliminating much of the gain from two months ago.
- In November, the Metropolitan Washington Coincident increased while the Fairfax County Coincident Index decreased only slightly. Job growth was stifled by lagging sales tax receipts.
- The Metropolitan Washington and Fairfax County Leading Indices both increased in November, largely due to lowered initial claims for unemployment.

### RESIDENTIAL EMPLOYMENT - NOVEMBER



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

According to the Virginia Employment Commission (VEC), the November unemployment rate in Fairfax County decreased 0.3 percentage points from October's revised unemployment rate to 2.4 percent. The November 2002 rate was 1.0 percentage point lower than the November 2001 rate of 3.4 percent.

Across the Commonwealth, the unemployment rate decreased 0.2 points to 3.6 percent in November. The November jobless rate was 0.6 points below the November 2001 jobless rate of 4.2 percent. According to the Virginia Employment Commission, the unemployment rate was gradually falling this fall because school system employment rose to its yearly peak, businesses hired holiday workers, and builders completed projects before winter.



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

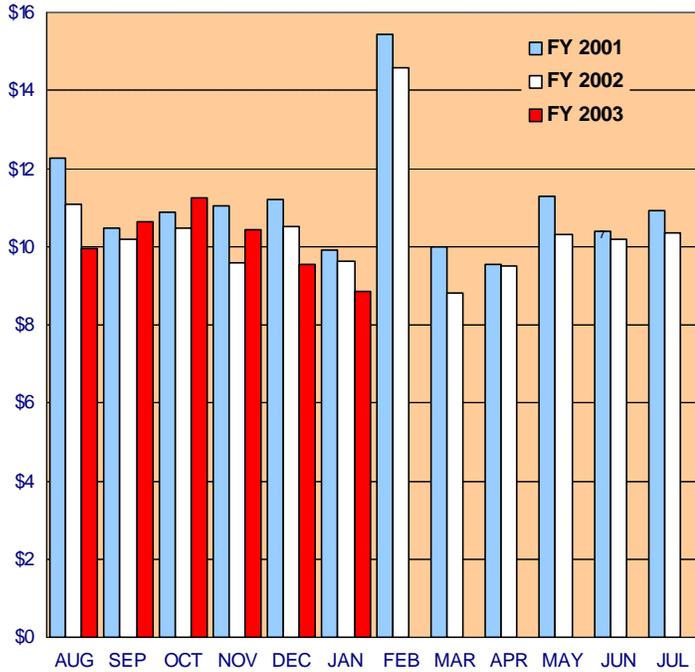
<http://www.fairfaxcounty.gov/comm/economic/economic.htm>



**SALES TAX REVENUES**

(revenues represent retail sales two months prior)

Millions



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

**FY 2003 SALES TAX RECEIPTS THROUGH JANUARY 2003**



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

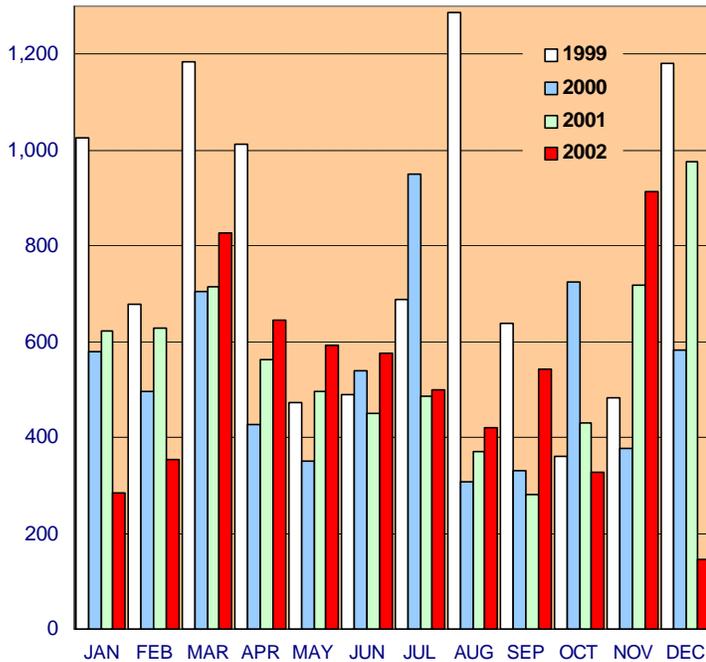
Fiscal year-to-date, Sales Tax receipts are 1.4 percent lower than the same period last year. January Sales Tax receipts, which represent purchases made in November, decreased 8.2 percent from January 2002. After peaking in October, January marks the third consecutive decline in Sales Tax receipts.



Sales Tax receipts through January are mixed for the Northern Virginia localities, as the City of Alexandria, Loudoun County, and Prince William County all maintain positive growth, year-to-date. These receipts correspond to retail purchases made June through November. Sales Tax receipts are down 1.4 percent in Fairfax County, 1.3 percent in Fairfax City, 2.2 percent in Arlington County, and 6.5 percent in Falls Church. Sales Tax receipts grew 0.2 percent in Alexandria, 1.9 percent in Loudoun County, and 4.0 percent in Prince William County. During this same period, Statewide Sales Tax receipts are up 0.2 percent.

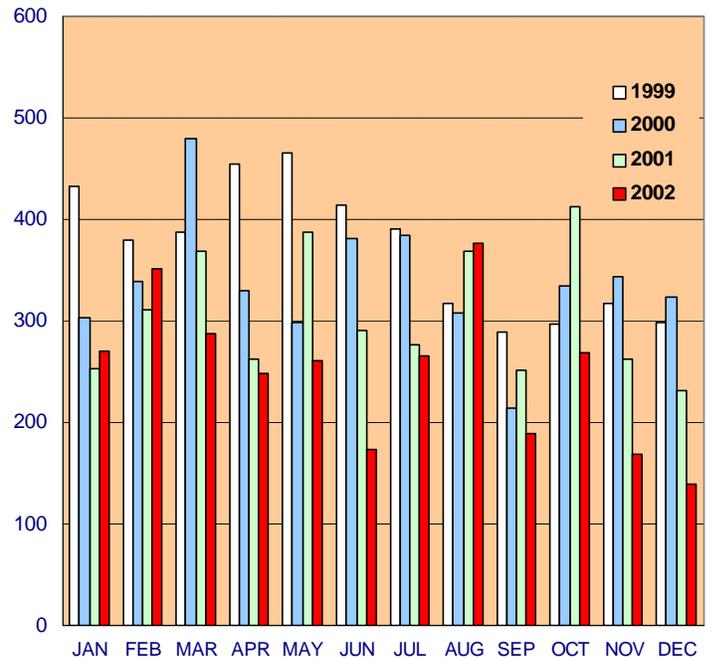
According to the Commerce Department, seasonally adjusted preliminary retail sales estimates for the U.S. in December increased 1.2 percent from the previous month and 4.6 percent from December 2001. Compared to last year, health and personal care store sales were up 6.8 percent, building materials and garden equipment sales were up 4.7 percent, gasoline station sales were up 16.6 percent, while motor vehicle and parts dealers were up 5.5 percent from November last year.

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



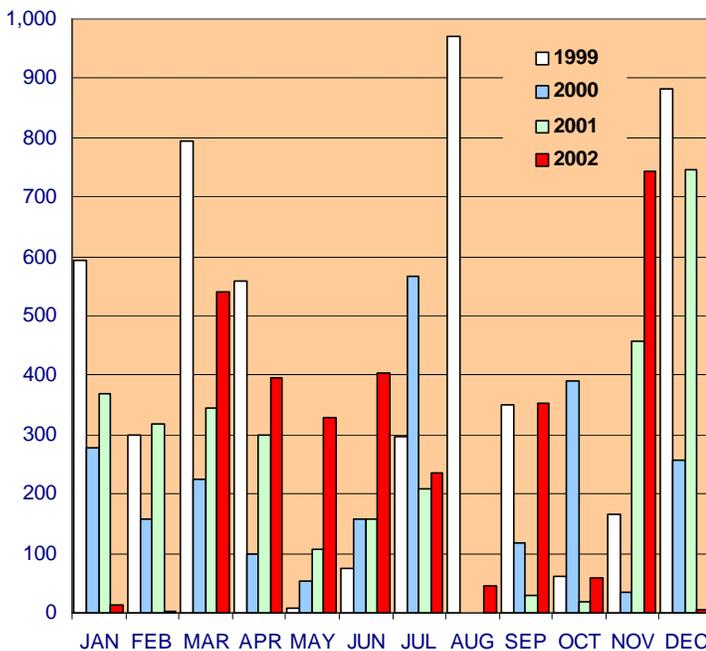
Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

**NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW SINGLE FAMILY DWELLINGS**



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

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



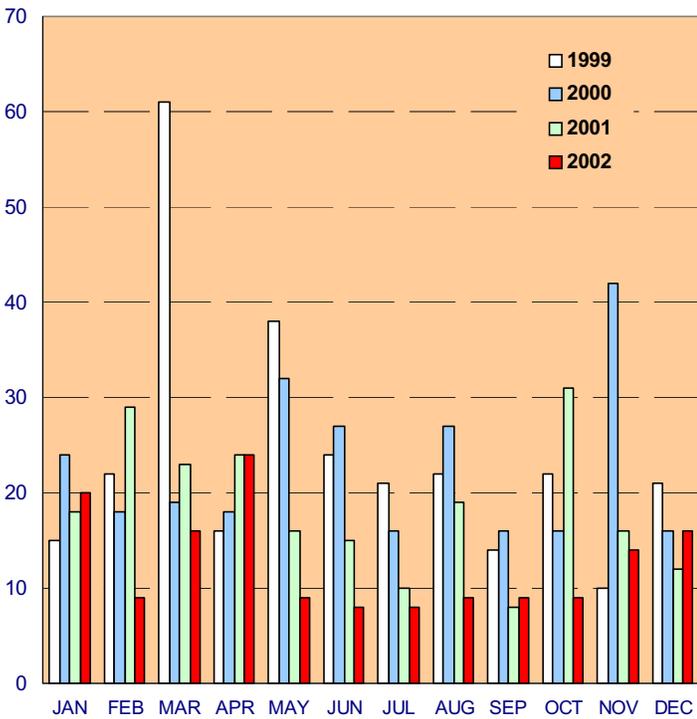
Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

**NOTE:** In August 2000 and 2001, only one multifamily permit was issued and in February 2002, only two permits were issued; therefore, the bars are too small to discern.

The overall growth rate of new residential permit categories decreased in 2002. In calendar year 2002, new residential dwelling permits were down 8.5 percent, or 565 permits. Multifamily permits increased 2.5 percent, or 75 permits, in 2002, while single family permits were down 17.6 percent, or 640 permits.

Residential repair and alteration permits increased in calendar year 2002. Issues of residential repair and alteration permits increased by 6.1 percent, or 655 permits, from 2001.

**NUMBER OF NONRESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW STRUCTURES**

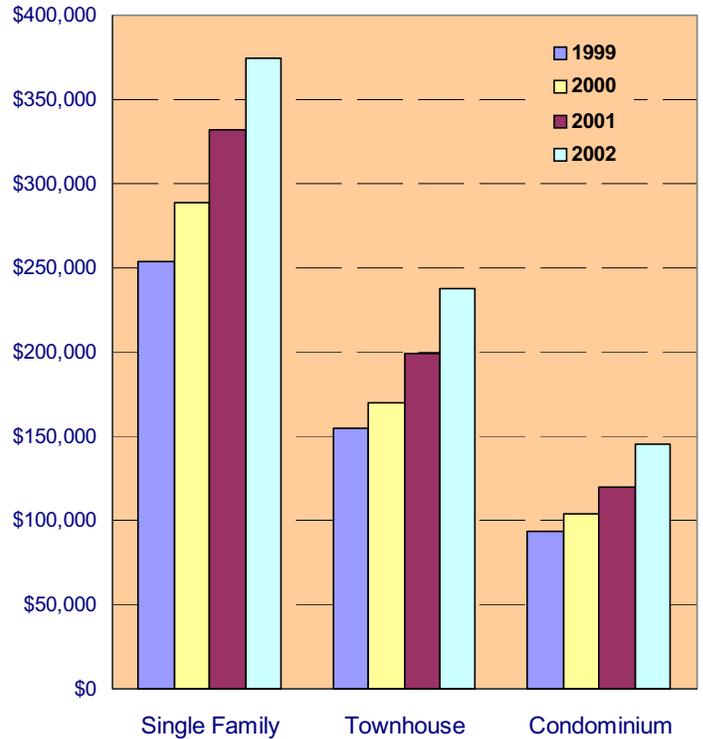


Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

Nonresidential building permits issued in calendar year 2002 were down 31.7 percent, or 70 permits, from 2001. Nonresidential repair and alterations permits were down 7.8 percent, or 287 permits, in 2002.

**HOME SALES IN FAIRFAX COUNTY**

**MEDIAN PRICE OF EXISTING HOMES SOLD JANUARY - NOVEMBER 2002 COMPARED TO ANNUAL MEDIAN PRICES 1999 - 2001**

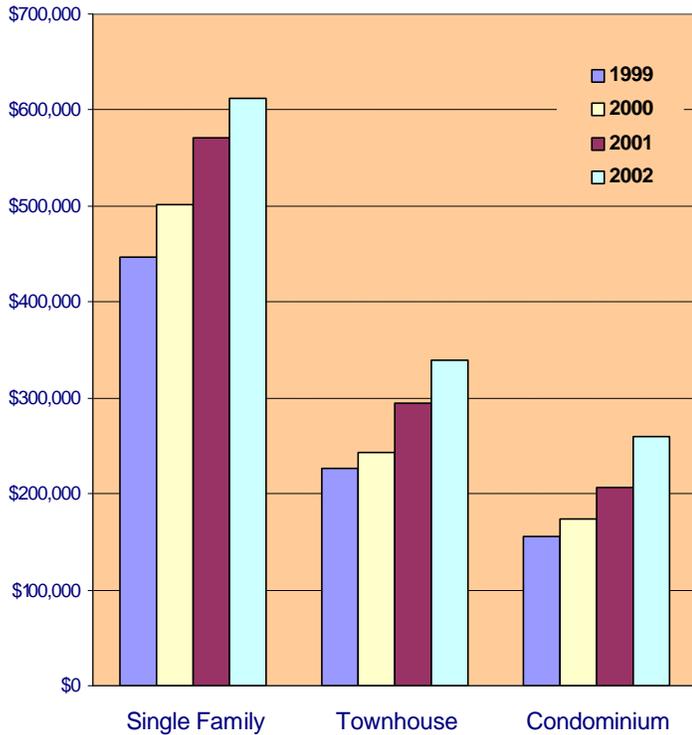


Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget.

According to home sales data through November 2002, existing homes in Fairfax County experienced positive growth in median sales prices. For existing single family homes, the median sales price was \$375,000 compared to the 2001 median of \$330,500—growth of 13.5 percent. The median for townhomes grew 19.4 percent from \$199,000 in 2001 to \$237,500 and the median for condominiums increased from \$119,000 to \$145,000 representing growth of 21.9 percent.



**MEDIAN PRICE OF NEW HOMES SOLD  
JANUARY - NOVEMBER 2002 COMPARED TO  
ANNUAL MEDIAN PRICES 1999 - 2001**



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

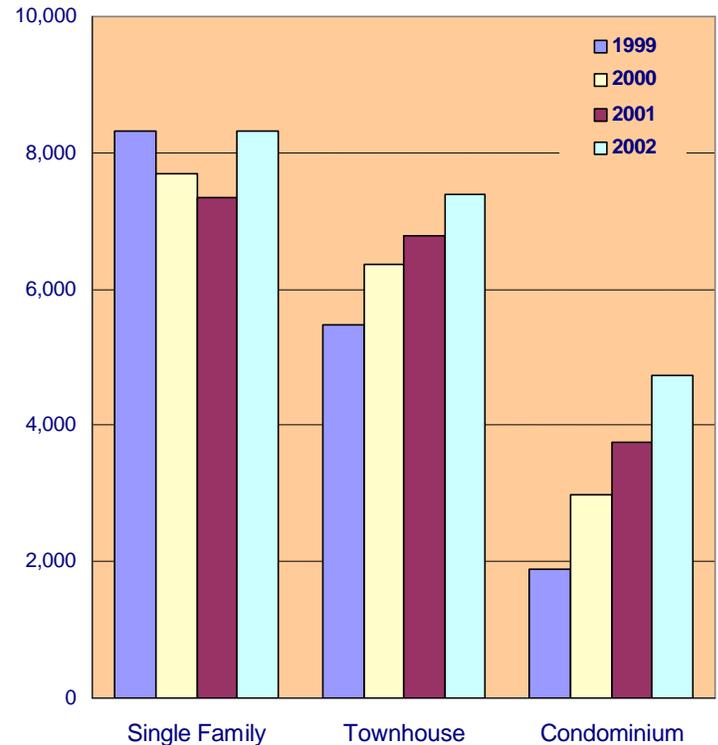
Through November 2002, growth in median sales prices for new homes remained positive. The median sales price for a new single family home was \$612,953, an increase of 7.5 percent over the 2001 median of \$570,422. New townhomes increased 14.8 percent, from \$294,928 to \$338,698. The median sales price for condominiums increased 24.7 percent, from \$207,650 to \$259,000.

**PERCENTAGE CHANGE IN MEDIAN PRICE OF  
HOMES SOLD YEAR-END 2001 COMPARED  
TO SALES THROUGH NOVEMBER 2002**

	Existing Sales	New Sales
Single Family	13.5	7.5
Townhouse	19.4	14.8
Condominium	21.9	24.7

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.

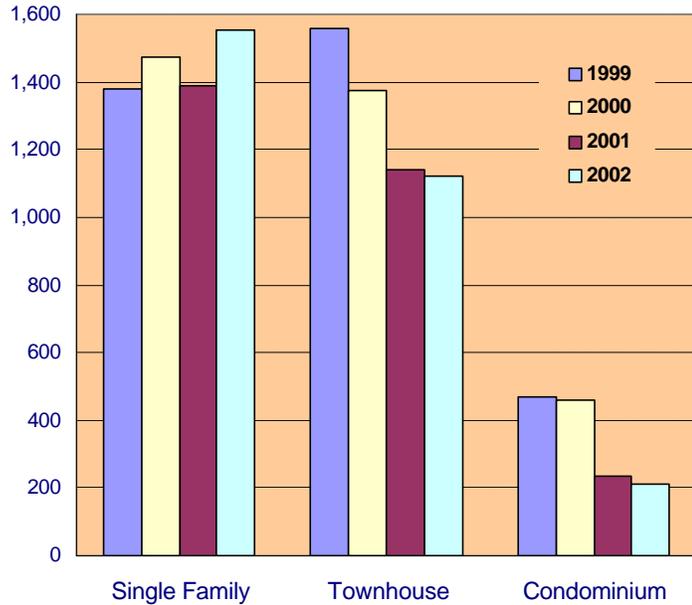
**NUMBER OF EXISTING HOMES  
SOLD THROUGH NOVEMBER  
1999 - 2002**



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

Existing home sales volume through November 2002 was up for all homes except townhomes, which fell 0.3 percent. Single family home sales increased 5.0 percent, from 7,923 to 8,319, and condominium sales were up 13.1 percent from 4,176 to 4,723, year-to-date.

**NUMBER OF NEW HOMES  
SOLD THROUGH NOVEMBER  
1999 - 2002**

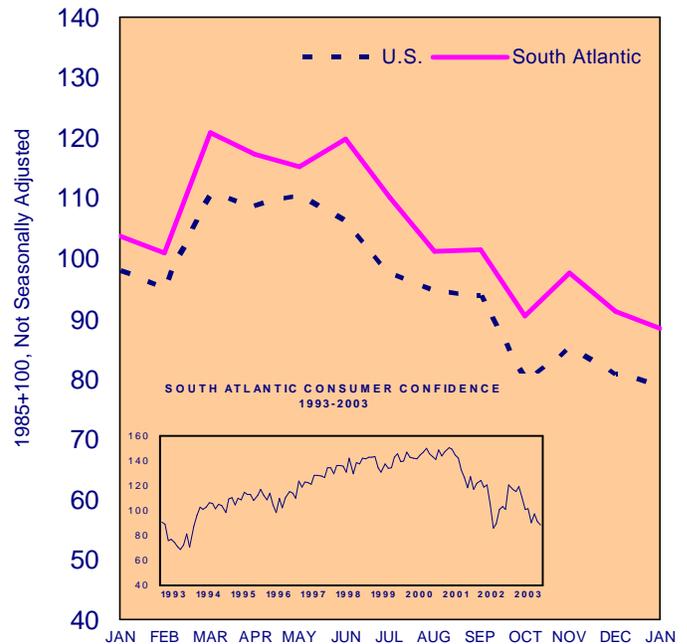


Source: Fairfax County Department of Tax Administration.  
Compiled by the Fairfax County Department of Management and Budget.

Sales volume of new single family homes rose 1.3 percent through November from 1,532 to 1,552, while other new home types dropped. New condominium sales fell from 243 in 2001 to 213 in 2002—a decline of 12.4 percent. New townhome sales decreased 10.7 percent, from 1,256 to 1,122.

**ADDITIONAL INDICATORS**

**CONSUMER CONFIDENCE INDEX**

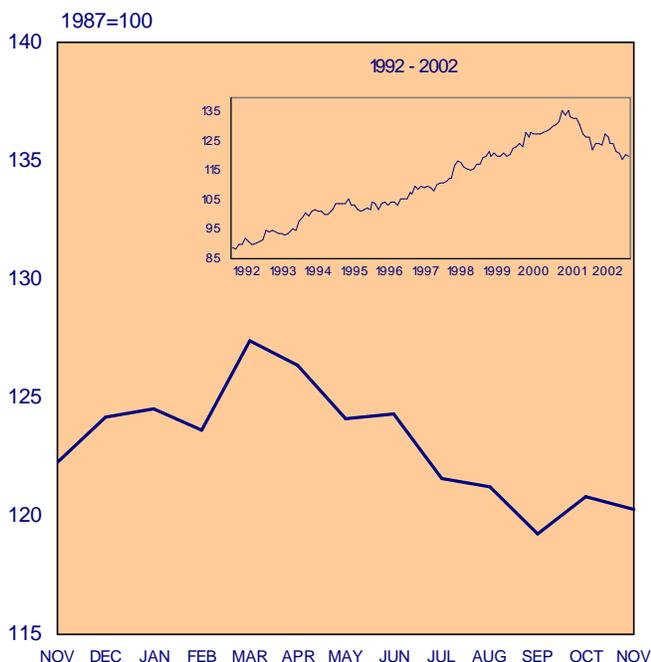


The Conference Board reports that the Consumer Confidence Index fell in January for the second consecutive month, eliminating much of the November gain. The Index now stands at 79.0, down 1.7 points from December. The Consumer Confidence Index is composed of two separate indices: the Present Situation 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.

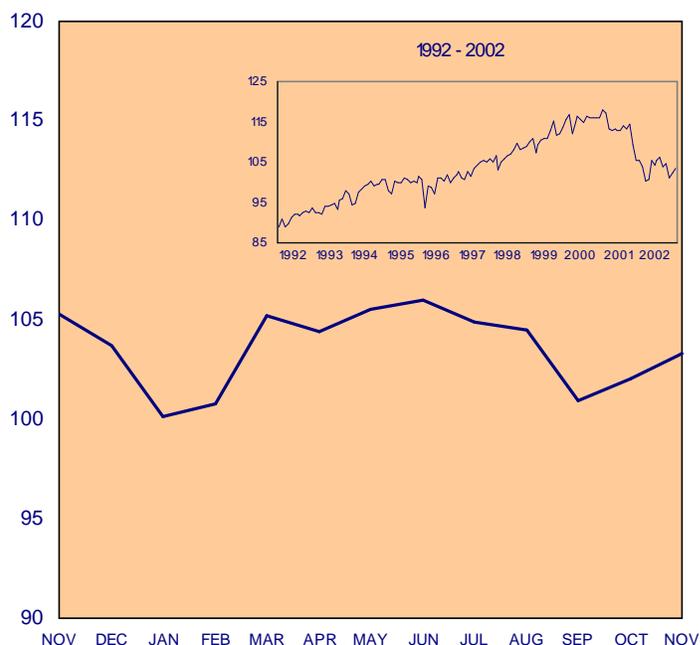
In January, the Present Situation Index increased 5.8 points from last month to 75.4. According to Lynn Franco, Director of the Conference Board's Consumer Research Center, consumers' assessment of current conditions has slightly improved but still remains weak. Consumers are less optimistic about expected business conditions than in December as the Expectations Index fell in January, from 881 to 81.4. Franco notes that the increasing threat of war has also left consumers cautious about the economy in the short-term which is also reflected in weakened overall economic indicators. The South Atlantic Consumer Confidence Index fell in January from 99.1 to 88.4 marking its lowest point in two years.

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



### METROPOLITAN COINCIDENT INDEX



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

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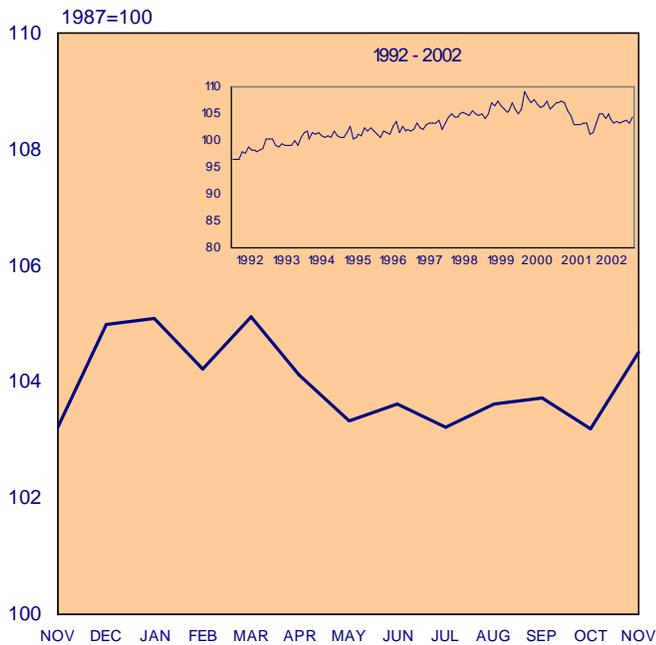
The Fairfax County Coincident Index, which represents the current state of the County's economy, decreased to 120.3 in November—a 0.5 percent slide from October 2002. November's decline marks the fourth time in the last five months that the Coincident Index has been down. With the lag in recent months, the Index is 3.0 percent off for the year. In November, two of the Index's four components contributed to its decrease. Consumer confidence decreased for the fourth time in five months and sales tax collections, adjusted for inflation and seasonal variation, decreased sharply, marking the third consecutive month of negative receipts. In contrast, total employment increased for the second month in a row while transient occupancy tax collections, adjusted for inflation and seasonal variation, increased for the third consecutive month.



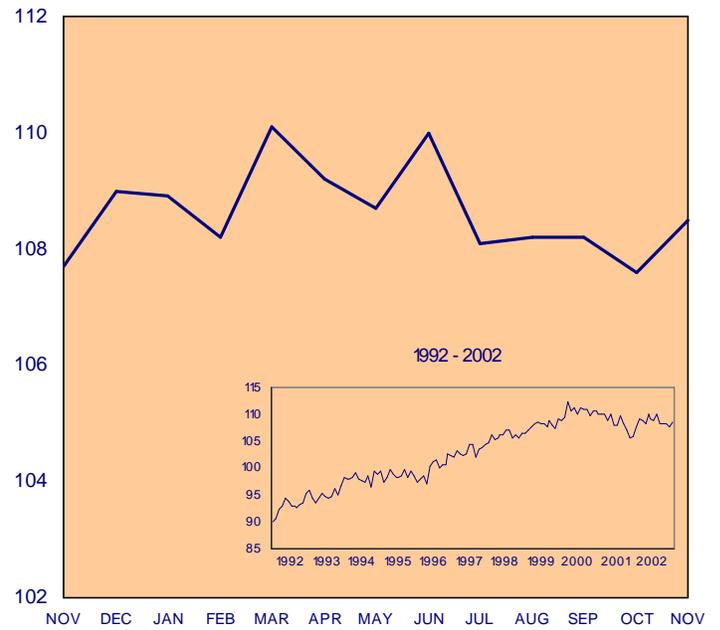
The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, increased to 103.3 in November—a 1.3 percent increase over October 2002. November was the second consecutive gain following a three month period of decline, however, the Index remains 0.9 percent below its November 2001 value. In November, three of the Index's four components contributed to its increase. Nondurable goods retail sales increased for the second month while total wage and salary employment increased for a third consecutive month. Domestic passenger volume at Dulles and Reagan Airports increased for the first time in three months although consumer confidence declined for the fourth time in five months.



### FAIRFAX COUNTY LEADING INDEX



### METROPOLITAN LEADING INDEX



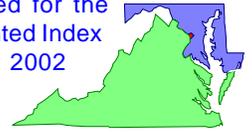
Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department of Management and Budget.

Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department 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 104.5 in November—a 1.3 percent gain over its October value. This increase is the third in four months, with a 1.3 percent increase over November 2001. In November, four of the Index's five components contributed to its increase: Initial claims for unemployment insurance decreased (improved) in November, the third gain in four months; residential building permits increased sharply after declining for six of the past seven months; consumer expectations increased following a sharp fall in October; and new automobile sales 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 0.9 percent to 108.5 in November. The Index is now 0.7 percent above its November 2001 level and is tracking above its 12-month moving average line. In November, three of the Index's five components were up, including consumer expectations which increased enough to offset October's decline. Initial claims for unemployment insurance decreased (improved) for the third time in four months and durable goods retail sales increased for the second consecutive month. The Help Wanted Index declined for the first time since August 2002 while total residential building permits decreased for the third time in four months.



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