

ECONOMIC INDICATORS®

FAIRFAX COUNTY
DEPARTMENT OF MANAGEMENT AND BUDGET

JULY 2020

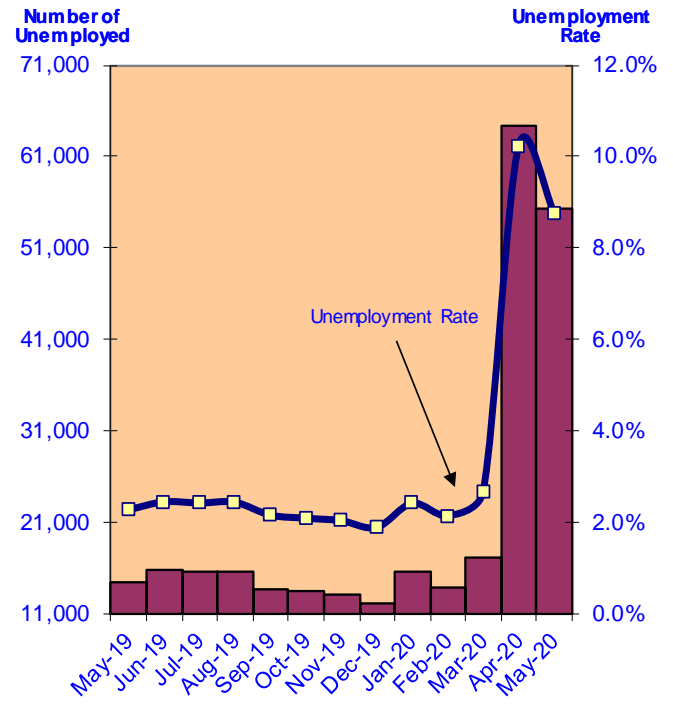
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- The number of homes sold in Fairfax County in June decreased 14.8 percent from a year earlier.
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Previous issues of this publication can be accessed at:

<https://www.fairfaxcounty.gov/budget/economic-indicators>

FAIRFAX COUNTY UNEMPLOYMENT DATA



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

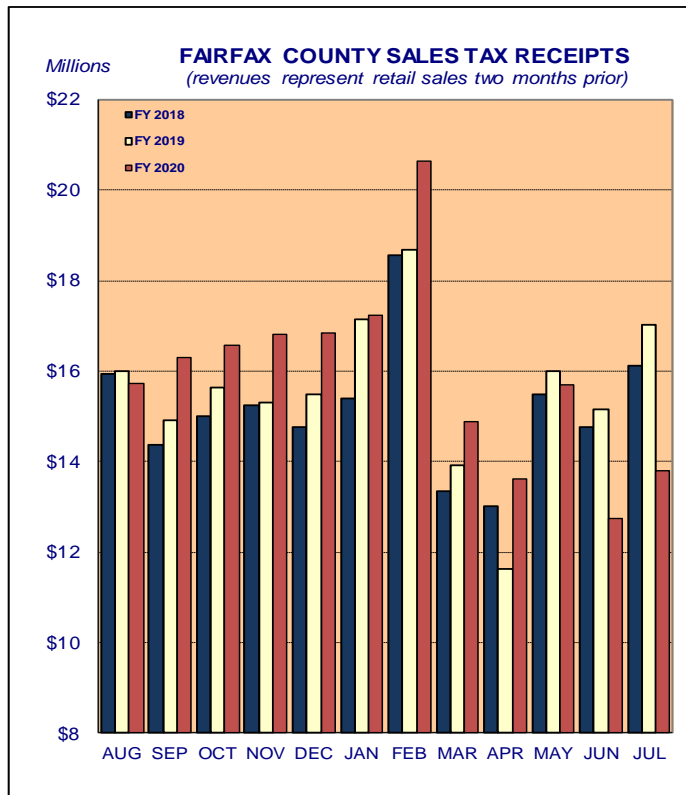
Employment

Compared to April, the May unemployment rate in Fairfax County decreased 1.4 percentage points to 8.8 percent. The number of unemployed residents decreased over the month from 64,269 to 55,235. The County's unemployment rate was up 6.6 percentage points over May 2019.

The seasonally adjusted unemployment rate in Virginia in May decreased 2.2 percentage points to 9.0 percent. The rate was up 6.2 percentage points over April 2019.

The U.S. seasonally adjusted unemployment rate in May decreased 1.4 percentage points to 13.3 percent. The rate was up 9.7 percentage points compared to a year ago. Total nonfarm payroll employment increased by 2.5 million jobs in May. After revisions, job losses have averaged 6.5 million per month over the last three months.

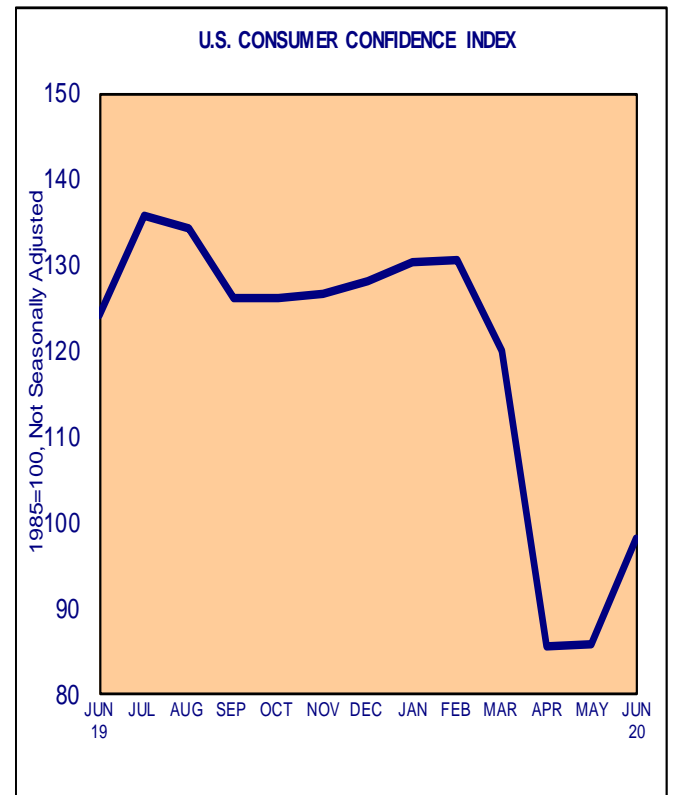
Sales Tax Receipts



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

Sales Tax receipts distributed to Fairfax County in July for retail purchases made in May were \$13.8 million, a decrease of 19.0 percent from July 2019. The decrease is due to store closures and stay-at-home orders in an effort to contain the spread of COVID-19. Total FY 2020 Sales Tax receipts are \$190.9 million, an increase of 2.1 percent over the total FY 2019 receipts, despite the decrease in collections in June and July. It is likely that the overall increase for the year is due to a new law passed by the Virginia General Assembly and signed by the Governor requiring the collection of state and local sales taxes from remote internet sellers. The law went into effect in the beginning of FY 2020 on July 1, 2019.

Consumer Confidence Index



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

The Consumer Confidence Index increased in June after virtually no change in May. The index now stands at 98.1 (1985=100), up from 85.9 a month ago. Both the present situation component and the expectations component increased. Lynn Franco, Director of Economic Indicators at the Conference Board, said that, "Looking ahead, consumers are less pessimistic about the short-term outlook, but do not foresee a significant pickup in economic activity." She added that, "Faced with an uncertain and uneven path to recovery, and a potential COVID-19 resurgence, it's too soon to say that consumers have turned the corner and are ready to begin spending at pre-pandemic levels."

NATIONAL INDICATORS

Case-Shiller Home Price Indices

Based on the latest available data, home prices in 20 U.S. cities, as measured by the S&P Case-Shiller home price index, increased 3.7 percent for the 12 months ending in May. Home prices in the Washington Metropolitan area posted a 3.5 percent gain during the same period. Craig J. Lazzara, Managing Director and Global Head of Index Investment Strategy, said that, "In contrast with the past eight months, May's gains were less than April's." He added that, "Even if prices continue to decelerate, that is quite different from an environment in which prices actually decline."

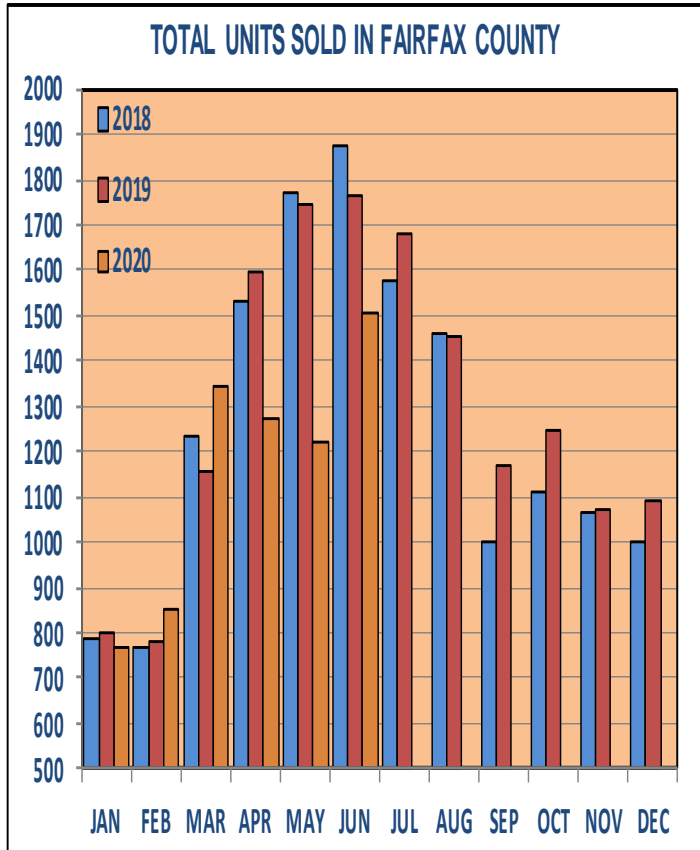
Gross Domestic Product

According to the advance estimate by the Bureau of Economic Analysis, real gross domestic product (GDP) decreased at an annual rate of 32.9 percent in the second quarter of 2020, the steepest decline on record, after decreasing 5.0 percent in the first quarter. The decrease in real GDP reflected the response to COVID-19, as "stay-at-home" orders issued in March and April were partially lifted in some areas of the country in May and June. Personal consumption expenditures, which make up over two thirds of GDP, decreased 34.6 percent, while investment decreased 49.0 percent. In response to the pandemic, federal spending increased 17.4 percent.

FAIRFAX COUNTY HOUSING MARKET

Total Home Sales Volume

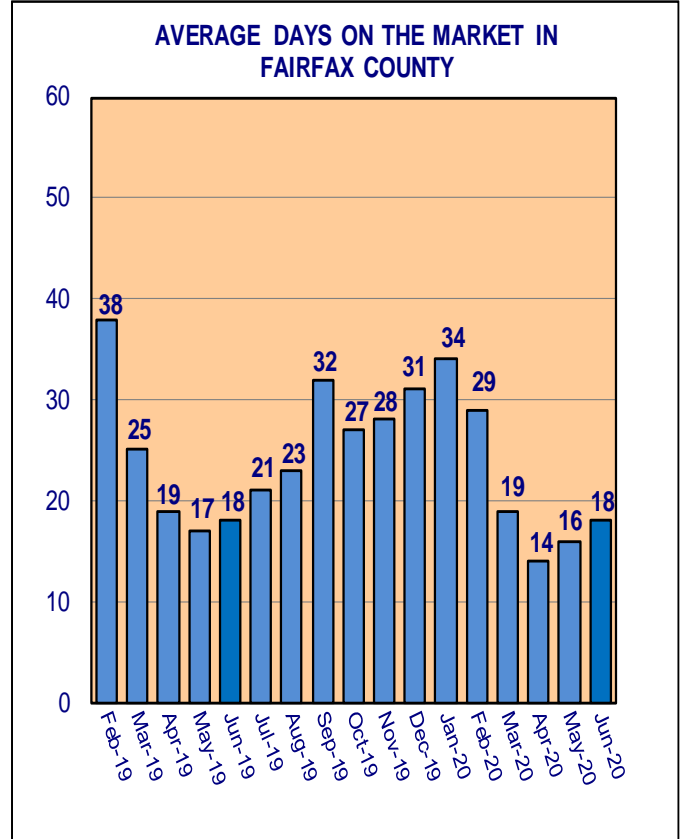
In June, 1,503 homes were sold in Fairfax County, a decrease of 14.8 percent from the 1,765 homes that were sold in June 2019.



Source: Bright MLS. Compiled by the Fairfax County Department of Management and Budget.

Average Days on the Market

On average, homes that sold in Fairfax County in June were on the market for 18 days, the same number of days they were on the market in June 2019.



Source: Bright MLS. Compiled by the Fairfax County Department of Management and Budget.

Average Home Sales Prices

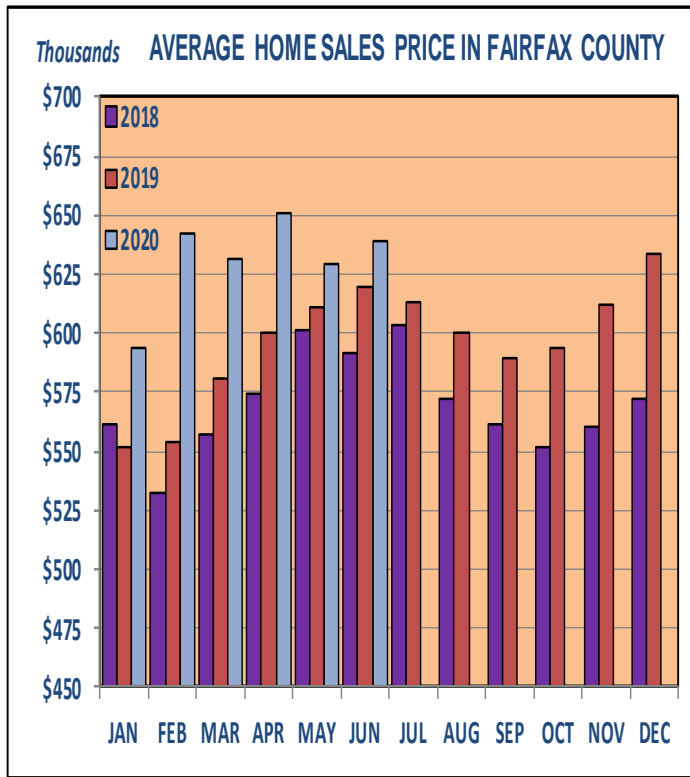
The average sales price of all homes that sold in June 2020 in Fairfax County was \$639,395, an increase of 3.2 percent over the June 2019 average sales price of \$619,363. The average sales price was up 6.3 percent compared to the annual 2019 average home sales price of \$601,506.

The average sales price for detached homes that sold in June 2020 was \$814,103, an increase of 6.0 percent over the June 2019 average of \$768,220. The average sales price of attached homes increased by 0.9 percent over the same period.

FAIRFAX COUNTY AVERAGE SALES PRICE OF HOMES SOLD IN JUNE 2020 COMPARED TO SALES IN JUNE 2019

	JUNE 2020	JUNE 2019	% Change
All Homes	\$639,395	\$619,363	3.2%
Detached Homes	\$814,103	\$768,220	6.0%
Attached Homes	\$433,621	\$429,767	0.9%

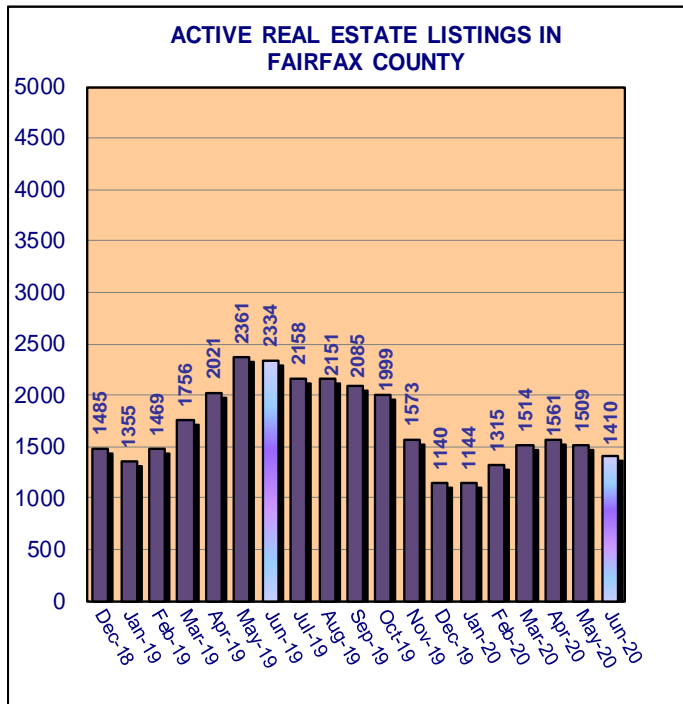
Changes in selling prices and the volume of sales are presented as indicators of the County's real estate market. Average selling price changes do not translate directly into assessment adjustments, since the mix of homes sold is not necessarily reflective of the County's entire housing stock. To read more about Fairfax County tax assessments, please visit: <https://www.fairfaxcounty.gov/taxes/real-estate>



Source: Bright MLS. Compiled by the Fairfax County Department of Management and Budget.

Inventory of Homes for Sale

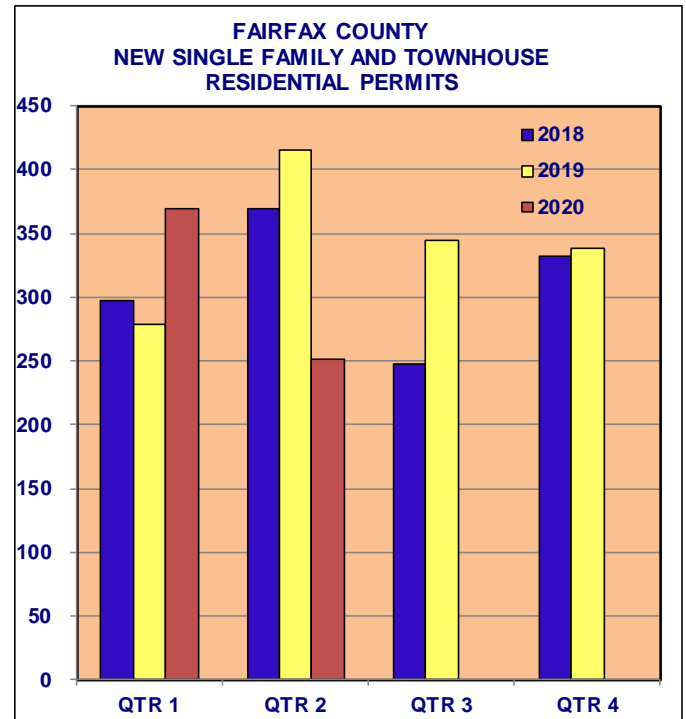
The number of active listings in the County in June was 1,410, a decrease of 39.6 percent from the 2,334 listings in June 2019. Based on the June 2020 listings and the current sales rate, there is approximately a 0.9-month supply of homes for sale in the County, less than the 1.3-month supply a year ago.



Source: Bright MLS. Compiled by the Fairfax County Department of Management and Budget.

Single Family and Townhouse Building Permits

During the second quarter of 2020, 252 new single family and townhouse building permits were issued in Fairfax County. This represents a 39.3 percent decrease compared to the same period of 2019. Combined, for the first two quarters of 2020, the number of new single-family permits is down 10.4 percent from last year.



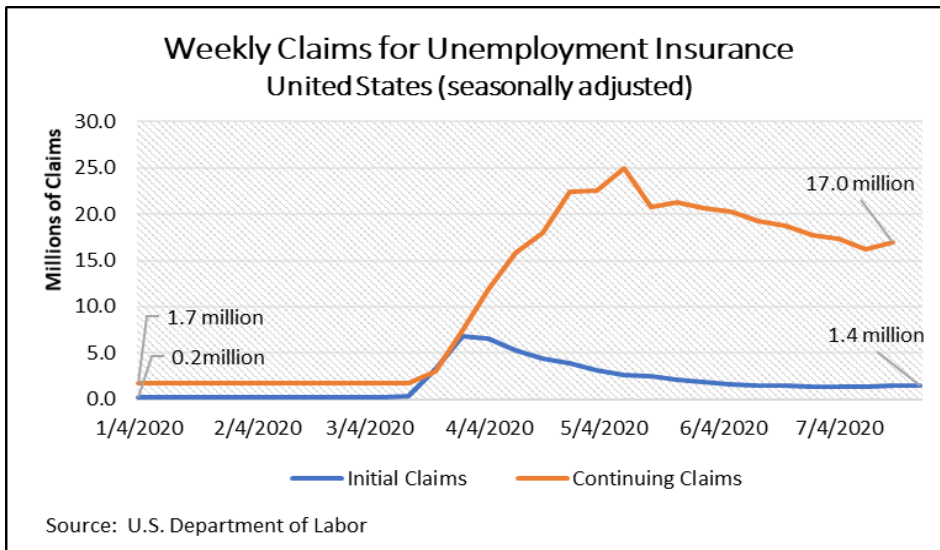
Source: Fairfax County Land Development Services. Compiled by the Fairfax County Department of Management and Budget.

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Special Report – July 2020 COVID-19 and the Economic Recovery

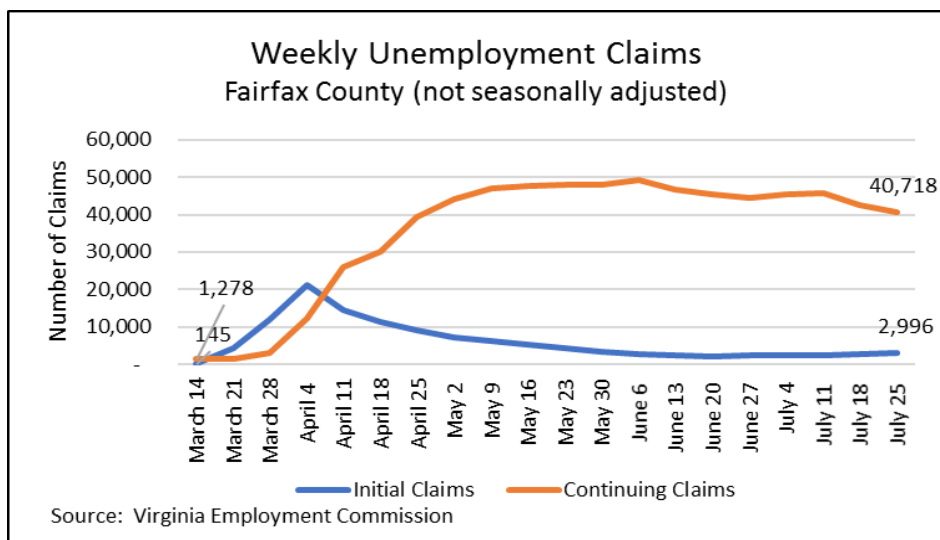
In March 2020, the national and local economy were partially shut down to reduce the spread of the COVID-19 virus. The future course of the economy is highly uncertain, but staff tracks many weekly indicators, some national and some local, to analyze the state of the economic recovery in real time, and to improve forward revenue projections. Some of the important indicators are shown below.



Prior to the pandemic, the number of weekly claims for unemployment insurance had been holding steady at historically low levels. Weekly claims are a proxy for layoffs. For the week of March 7, the total number of initial claims was 211,000, while the number of continuing claims was 1.7 million. As the economy was shut down, the number of initial claims surged dramatically to 6.9 million on March 28. Since that date, the number of initial claims has

gradually decreased to 1.4 million weekly. However, since the resurgence of the COVID-19 virus in June, the number of initial claims has stabilized at a very high level, roughly seven times the number of claims at the start of the pandemic. For context, during the peak of the 2008-2009 financial crisis, the number of weekly initial claims never rose much above 650,000.

The number of continuing claims peaked at 24.9 million on May 9, and fell gradually to 16.2 million the week of July 11. However, the number of continuing claims ticked up to 17.0 million during the week of July 18, the last week for which data is available. The number persists at a level approximately 10 times the level in March. For context, the number of continuing weekly claims never rose above 7 million during the financial crisis.

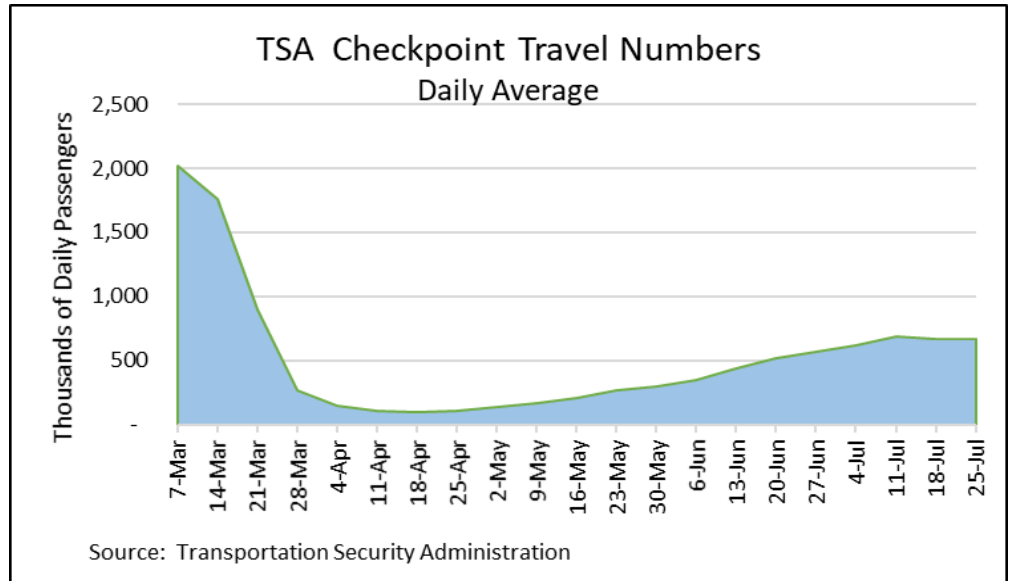


The number of initial and continuing weekly claims is also available for Fairfax County. The number of initial weekly claims increased from 145 the week of March 14 to approximately 21,000 on April 4 and has since decreased gradually to a little less than 3,000. The number of initial weekly claims has been increasing since July 4. The number of continuing claims increased from 1,278 on March 14 to a maximum of around 49,000 on June 6. Continuing

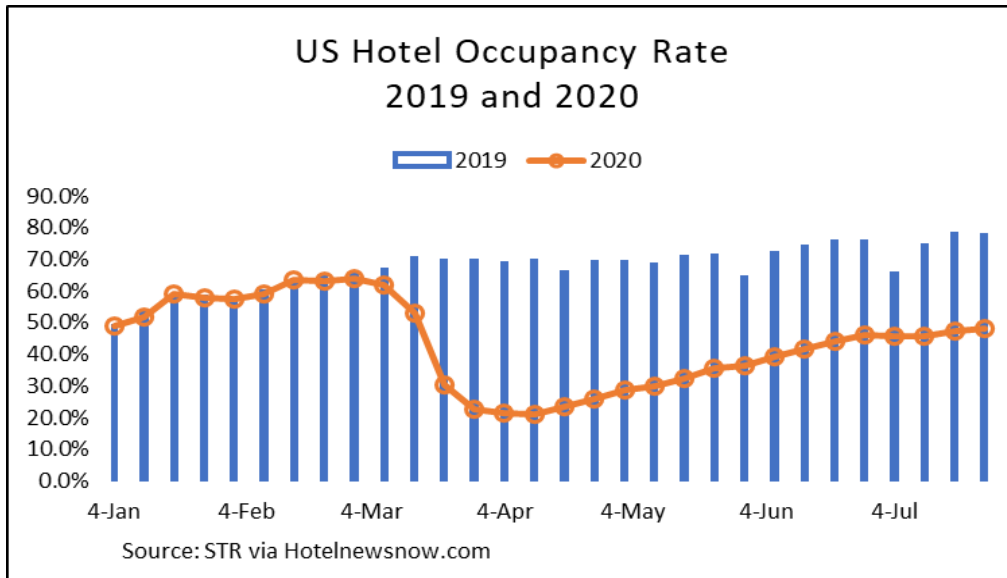
claims have since gradually decreased to about 40,700, though they remain at many times their pre-pandemic level.

Many of the high frequency indicators available relate to travel, tourism, and discretionary spending on restaurant meals.

Since March 2020, the Transportation Security Administration has been issuing daily checkpoint travel numbers. This is a good measure of people’s willingness to travel in an uncertain economic and health environment. The chart shows the average daily number of passengers from the beginning of the pandemic to the height of the summer travel season. The average daily number of passengers reached a low point on April 18, when

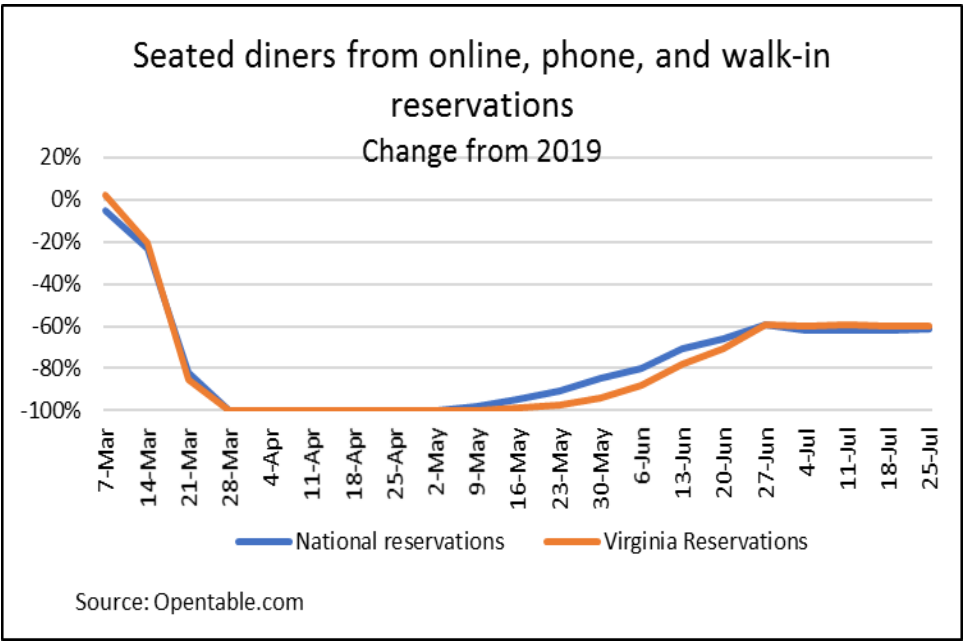


there were fewer than 100,000 daily passenger trips, some 20 times fewer than the number of trips on March 7, before the pandemic began to affect travel. From that date, the number of passenger trips gradually increased to 664,000 during the week of July 25. However, in recent weeks, the number of passenger trips has remained relatively constant. In the most current week, there were about one quarter the number of passenger trips compared to the same week the year before.



The hotel occupancy rate is an indication of people’s willingness and ability to travel. According to information from STR via Hotelnewsnow.com, from January through early March 2020, hotel occupancy rates were roughly comparable to 2019 occupancy rates. Beginning in March, the occupancy rates diverged, and the 2020 rate bottomed on April 11 at 21 percent occupancy compared to nearly 70

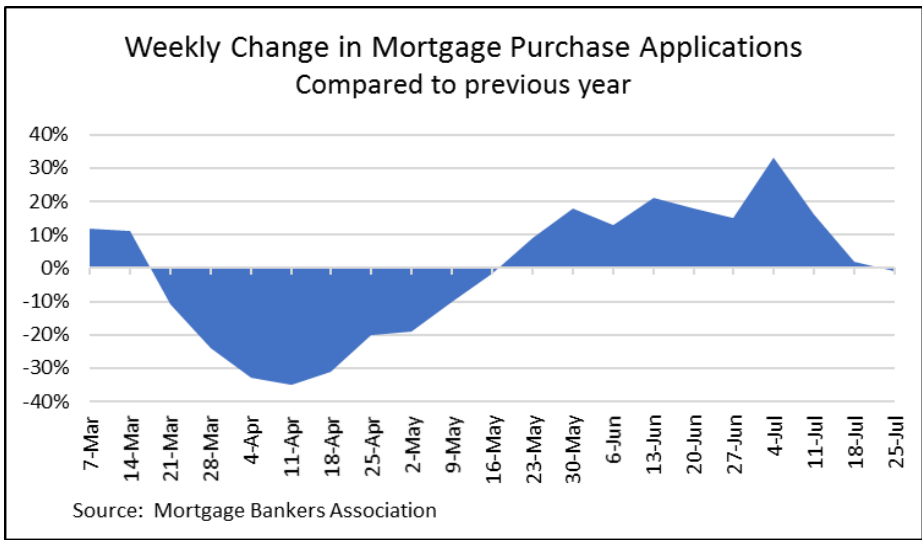
percent for the same week last year. Since then, the occupancy rates have recovered gradually. As of July 25, the most recent week for which information is available, occupancy rates were at about 48 percent compared to over 77 percent the same week last year. In addition, the average daily room rate was down over 25 percent compared to 2019.



The number of dining reservations is an indicator of consumers' comfort spending money outside the home for food. The data shown here, from Opentable.com, includes year-over-year comparison of seated diners at a sample of restaurants on the OpenTable network, including online reservations, phone reservations, and walk-ins. This includes only a subset of restaurant experiences. Fast casual dining and fast food do not normally require reservations.

The chart shows a year-over-year comparison of reservations in the United States and Virginia. From the week of March 28 to May 2, nearly all restaurants were closed. After May 2, the number of diners gradually increased. However, for the last five weeks, the number of diners has plateaued at a level approximately 60 percent below last year.

The effect of the pandemic on the real estate industry is apparent from this chart. It shows the weekly change in mortgage purchase applications compared to the prior year. The pandemic coincided with the spring buying season, and there was a large decrease in the number of purchase applications compared to the previous year. However, mid-May was an inflection point, and the number of applications has bounced back to higher levels than last year, to make up for the slow market in the spring, although recently, the change in the number of applications has slowed.



Fairfax County's revenues depend on the shape of the economic recovery, and as the Federal Reserve Board's July 29 Federal Open Market Committee statement made clear, "The path of the economy will depend significantly on the course of the virus." The early stages of the recovery appeared promising, but the renewed spread of the virus has caused many jurisdictions around the country to pull back from reopening, and made Americans reluctant to open their pocketbooks, creating additional uncertainty about the future course of the recovery.