

ECONOMIC INDICATORS[®]

FAIRFAX COUNTY
DEPARTMENT OF MANAGEMENT AND BUDGET

MAY 2020

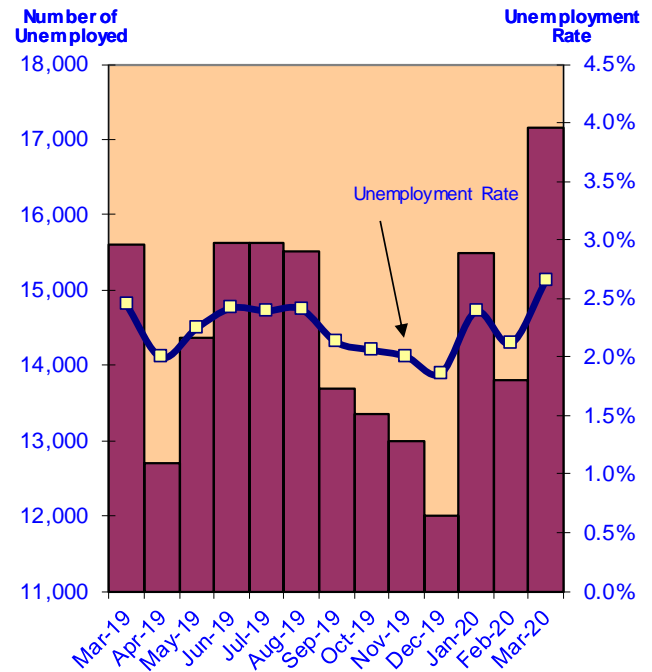
IN THIS ISSUE:

- Some information included in this month's edition of "Economic Indicators" predates the full economic impact of the COVID-19 pandemic including unemployment data, sales tax receipts, and housing market data.
- The unemployment rate in Fairfax County increased 0.6 percentage point to 2.7 percent in March.
(See page 1)
- The Consumer Confidence Index decreased in April for the second straight month.
(See page 2)
- The U.S economy shrank at an annual rate of 5.0 percent in the first quarter, after growing 2.1 percent in the fourth quarter of 2019.
(See page 2)
- The number of homes sold in Fairfax County in April decreased 20.4 percent from a year earlier.
(See page 3)
- In April 2020, the average sales price of all homes sold in Fairfax County increased 8.4 percent compared to the average sale price in April 2019.
(See page 3)
- The number of active listings of homes for sale in the County decreased 22.8 percent in April from a year ago.
(See page 4)
- May 2020 Special Report on Northern Virginia Employment.
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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.

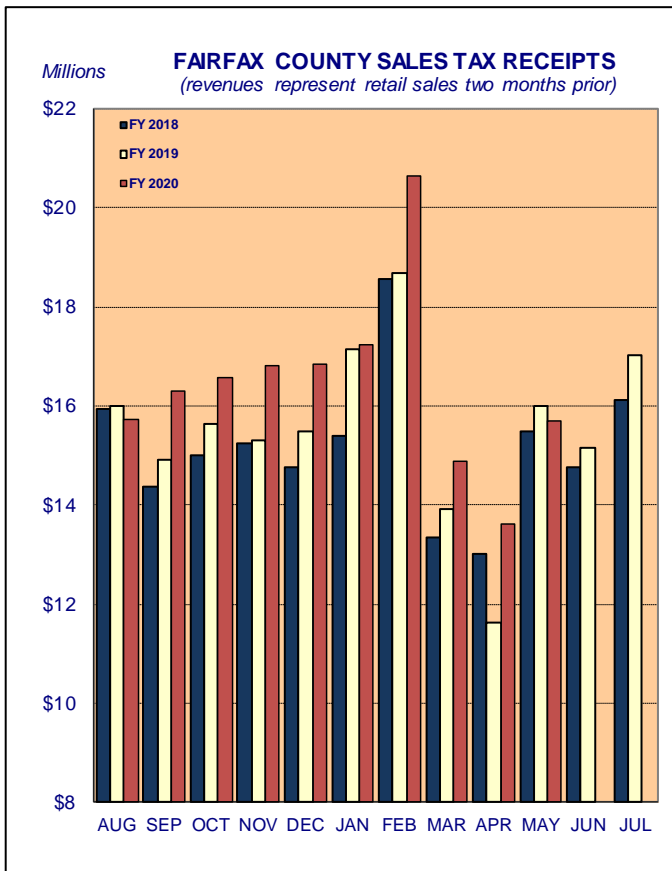
Employment

Compared to February, the March unemployment rate in Fairfax County increased 0.6 percentage point to 2.7 percent. The number of unemployed residents increased over the month from 13,811 to 17,161. The County's unemployment rate was up 0.2 percentage point over March 2019.

The seasonally adjusted unemployment rate in Virginia in March increased 0.7 percentage point to 3.3 percent. The rate was up 0.4 percentage point over March 2019.

The U.S. seasonally adjusted unemployment rate in March increased 0.9 percentage point to 4.4 percent. The rate was up 0.6 percentage point from a year ago. Total nonfarm payroll employment decreased by 701,000 in March. Jobs in leisure and hospitality declined by 459,000. Other sectors that lost jobs include health care and social assistance, professional and business services, retail trade, and construction.

Sales Tax Receipts



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

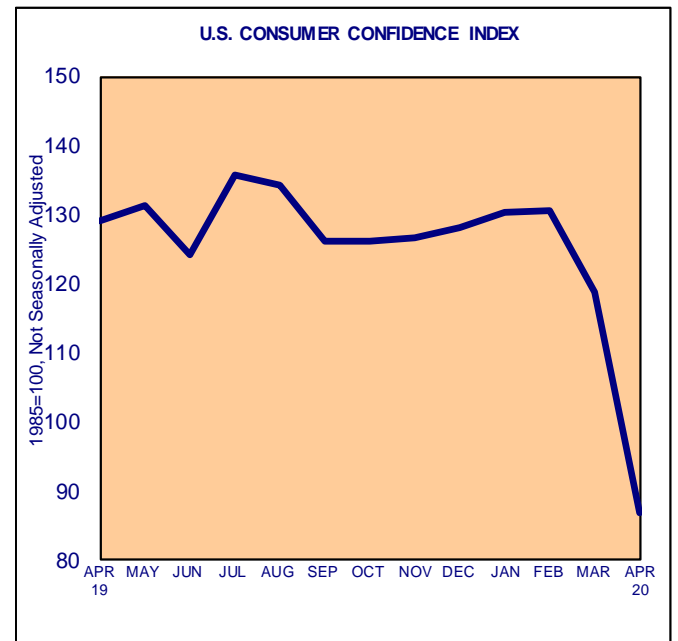
Sales Tax receipts distributed to Fairfax County in May for retail purchases made in March were \$15.7 million, a decrease of 1.8 percent from May 2019. During the first ten months of FY 2020, Sales Tax receipts are up 6.2 percent over FY 2019. It is likely that a significant part of the increase year-to-date 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 on July 1, 2019.

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 3.9 percent for the 12 months ending in March. Home prices in the Washington Metropolitan area also posted a 3.9 percent gain during the same period. Craig J. Lazzara, Managing Director and Global Head of Index Investment Strategy, said that, "Importantly, today's report covers real estate transactions closed during the month of March. Housing prices have not yet registered any adverse effects from the governmental suppression of economic activity in response to the COVID-19 pandemic."

Consumer Confidence Index



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

The Consumer Confidence Index registered the biggest plunge in April due to the spread of COVID-19. The index now stands at 86.9 (1985=100), down from 118.8 a month ago. The present situation component decreased, while the expectations component rose, reflecting consumers' belief that the economy would begin to recover in the near future. Lynn Franco, Director of Economic Indicators at the Conference Board, said that, "The 90-point drop in the Present Situation Index, the largest on record, reflects the sharp contraction in economic activity and surge in unemployment claims brought about by the COVID-19 crisis."

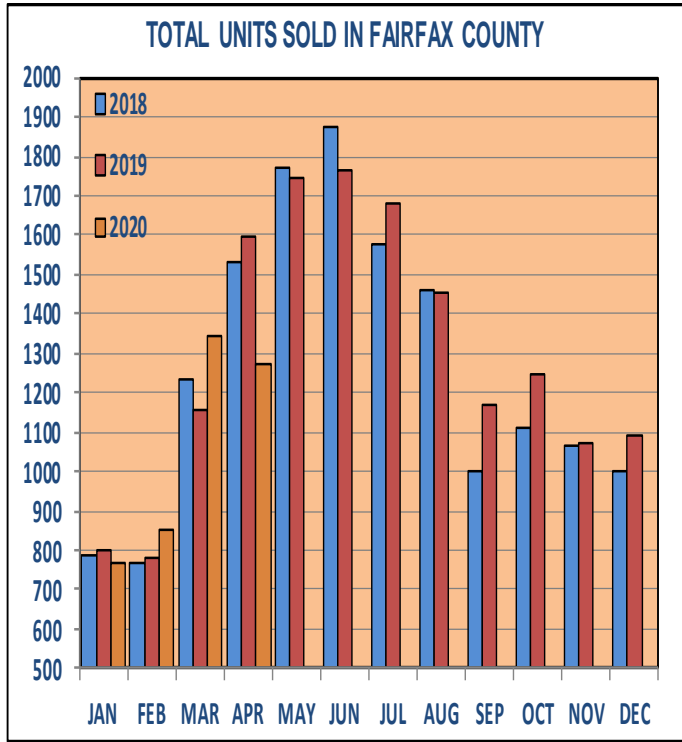
Gross Domestic Product

According to the revised estimate released by the Bureau of Economic Analysis (BEA), real gross domestic product (GDP) decreased at an annual rate of 5.0 percent in the first quarter, after growing 2.1 percent in the fourth quarter of 2019. In the initial estimate, the real GDP was reported to have decreased 4.8 percent. The estimate will be revised once more based on more complete data before it is considered final.

FAIRFAX COUNTY HOUSING MARKET

Total Home Sales Volume

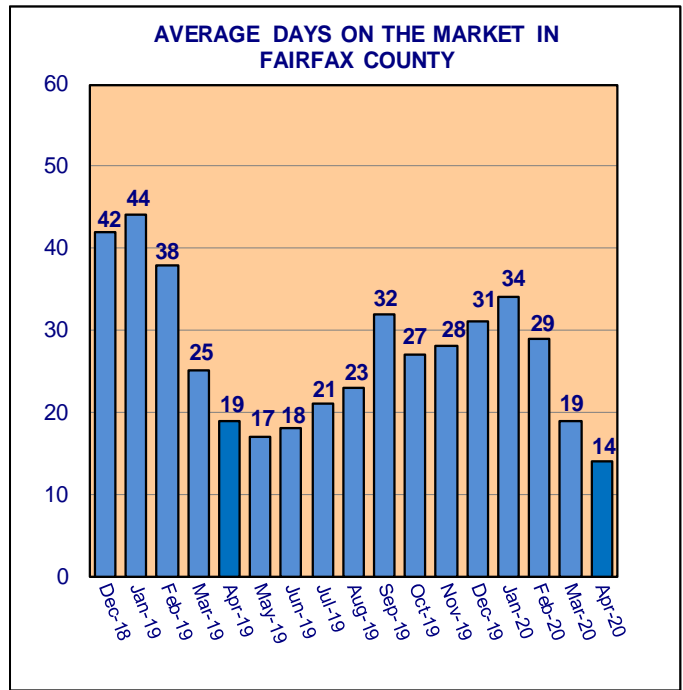
In April, 1,271 homes were sold in Fairfax County, a decrease of 20.4 percent from the 1,596 homes that were sold in April 2019.



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 April were on the market for 14 days. This is 5 days fewer than the 19-day average in April 2019.



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

Average Home Sales Prices

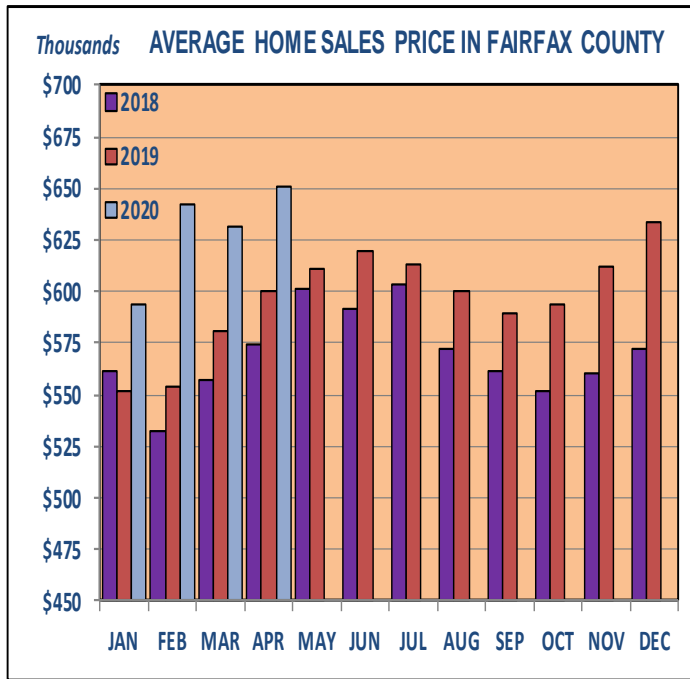
The average sales price of all homes that sold in April 2020 in Fairfax County was \$651,153, an increase of 8.4 percent over the April 2019 average sales price of \$600,467. The average sales price was up 8.3 percent compared to the annual 2019 average home sales price of \$601,506.

The average sales price for detached homes that sold in April 2020 was \$840,718, an increase of 6.8 percent over the April 2019 average of \$787,379. The average sales price of attached homes increased by 9.5 percent over the same period.

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

	APR 2020	APR 2019	% Change
All Homes	\$651,153	\$600,467	8.4%
Detached Homes	\$840,718	\$787,379	6.8%
Attached Homes	\$444,099	\$405,663	9.5%

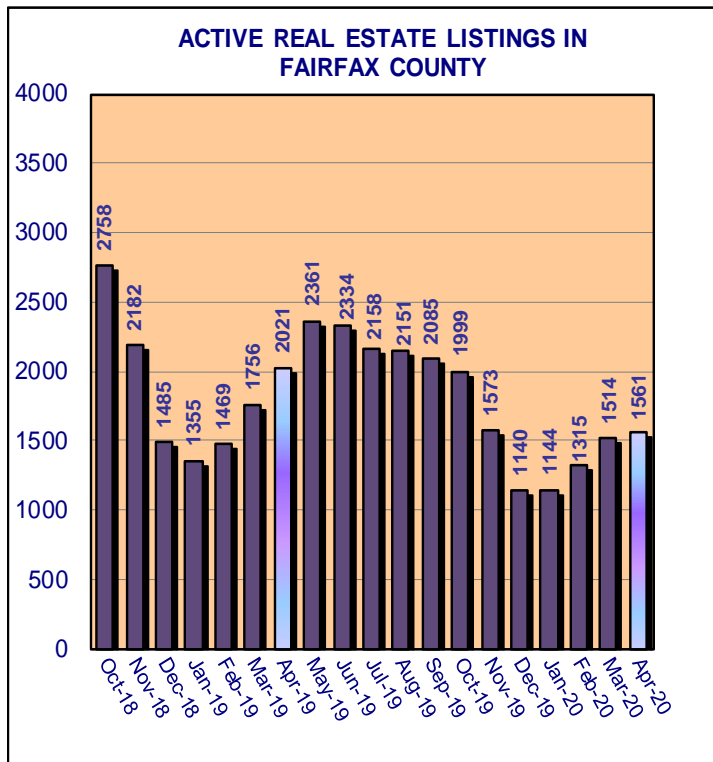
Changes in selling prices and the volume of sales are presented as indicators of the County's real estate market. Average selling price changes do not translate directly into assessment adjustments, since the mix of homes sold is not necessarily reflective of the County's entire housing stock. To read 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

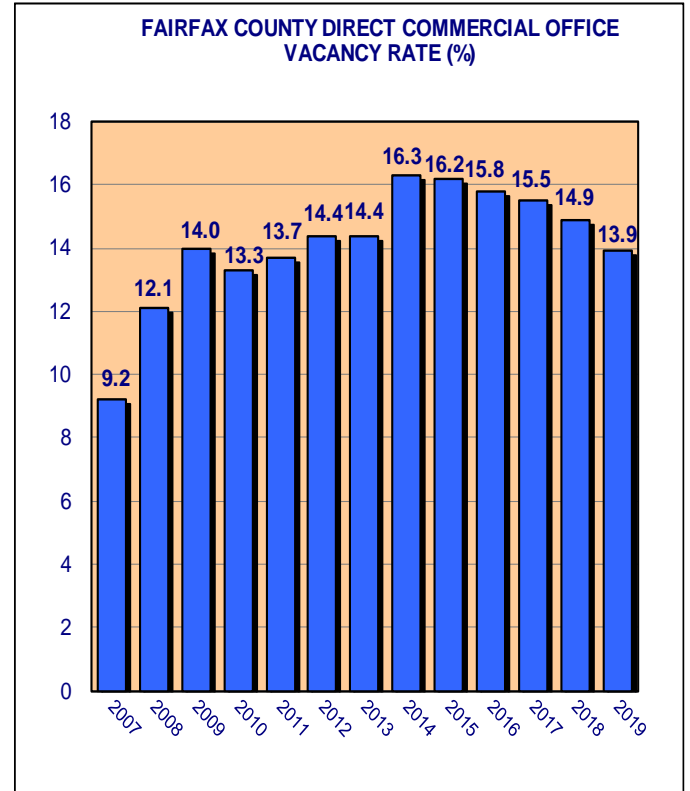
The number of active listings in the County in April was 1,561, a decrease of 22.8 percent from the 2,021 listings in April 2019. Based on the April 2020 listings and the current sales rate, there is approximately a 1.2-month supply of homes for sale in the County, less than the 1.3-month supply a year ago.



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

Commercial Office Market

According to the Fairfax County Economic Development Authority (FCEDA), the direct office vacancy rate was 13.9 percent at year-end 2019, down from 14.9 percent at year-end 2018. Gross office leasing totaled over 9 million square feet. New office construction continues through Fairfax County. At year's end 2019, more than 2.7 million square feet of construction were underway throughout the County.



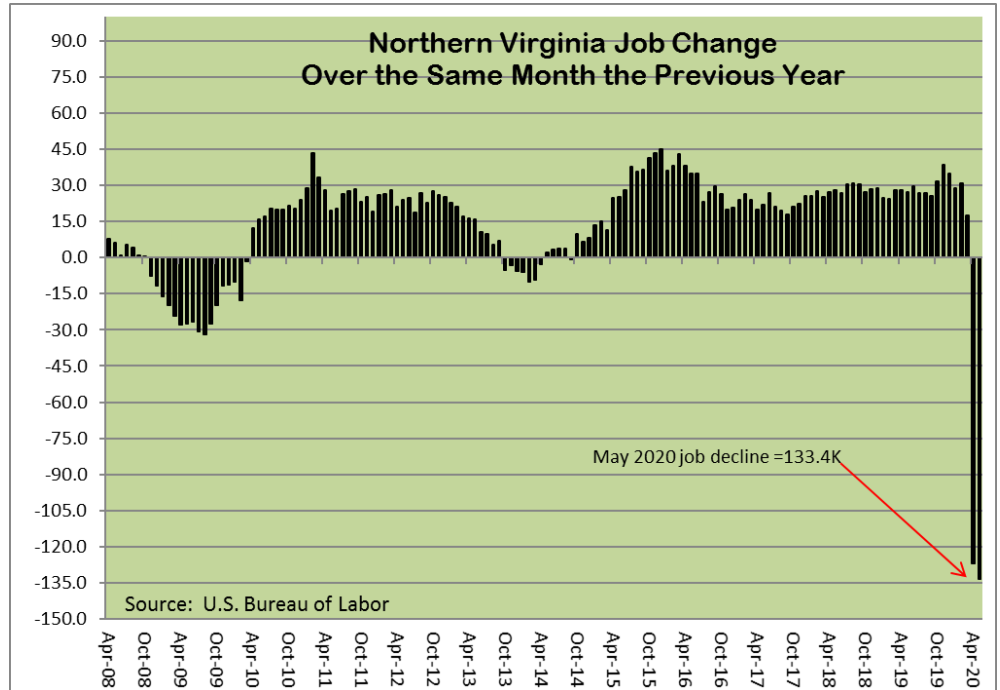
Source: Fairfax County Economic Development Authority. Compiled by the Fairfax County Department of Management and Budget.

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Special Report – May 2020 Northern Virginia Employment

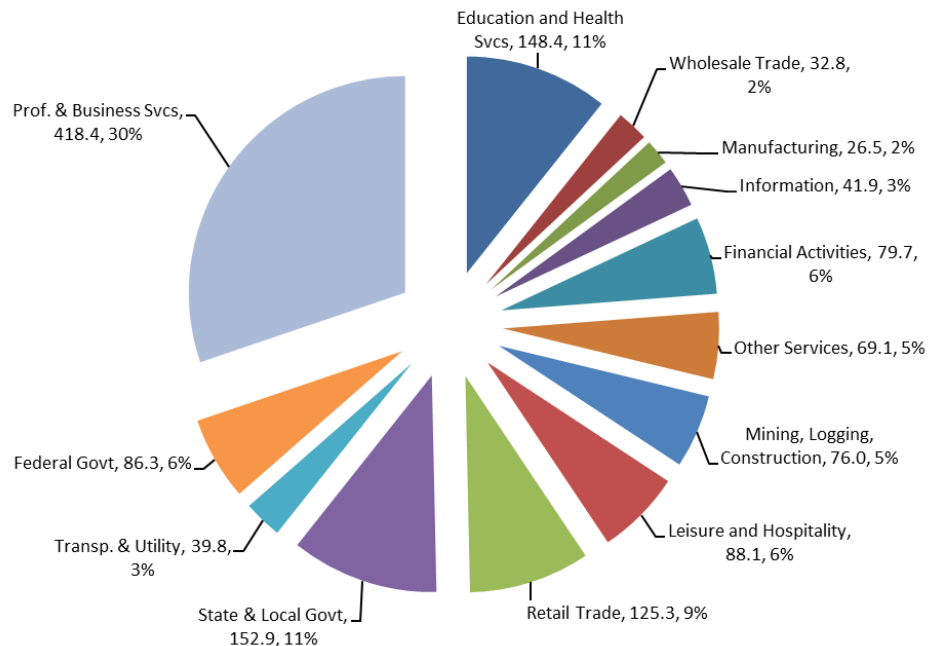
This employment report represents a snapshot of the effect of the COVID-19 pandemic on employment in Northern Virginia. Based on data from the U.S. Bureau of Labor Statistics, the Northern Virginia region experienced job loss at an annual rate of 8.8 percent in May 2020. After the Great Recession of 2008 and 2009, employment growth resumed in 2010 and averaged 1.6 percent per year from 2010 through 2012. Federal sequestration and reductions in procurement spending led to job losses in late 2013 and



2014, primarily in the Professional and Business Services sector, and limited average overall job growth to an annual rate of 0.4 percent over those two years. Job growth spiked to 2.1 percent in 2015 and averaged 1.9 percent from 2016 through 2019 and continued in early 2020. The COVID-19 pandemic and resulting partial closure of the local economy reduced jobs sharply in April and May of 2020. As of May 2020, total nonfarm employment in Northern Virginia was 1,385,200, a decrease of 133,400 jobs compared to May 2019.

Jobs by Sector in Northern Virginia

Employment in the Professional and Business Services sector was 418,400 in May 2020, 30 percent of the total jobs in Northern Virginia.

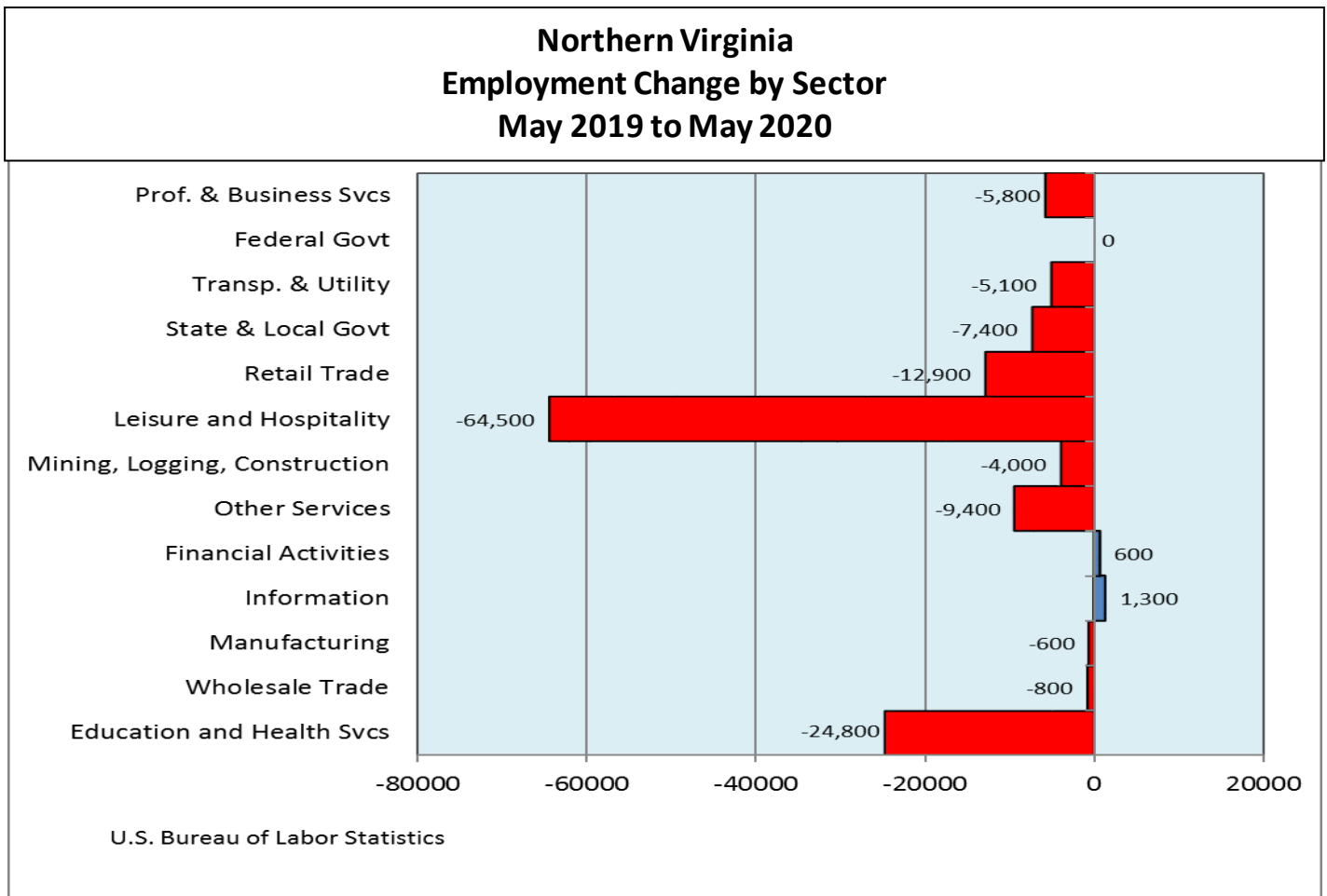


Note: Total employment in May 2020 was 1,385,200. Employment figures in the graph above are in thousands.

The Professional and Business Services sector includes such jobs as attorneys, federal contractors, and businesses that provide services to other businesses such as printing and computer services. The Education and Health Services and State and Local government sectors each make up approximately 11 percent of total employment in Northern Virginia, while the Retail Trade sector makes up approximately 9 percent. Federal government jobs represent 6 percent of total employment in the area.

Change by Sector

Of the 133,400 net pandemic-related job losses over the year ending May 2020, over 48 percent, or 64,500 jobs, were in the Leisure and Hospitality sector, which decreased by 42.3 percent compared to May 2019. There were also significant decreases in the number of jobs in the Education and Health Services sector, which decreased by 24,800 jobs or 14.3 percent, and Retail Trade, which decreased by 12,900 jobs or 9.3 percent. The number of Federal Government jobs was unchanged.



Employment in Fairfax County

Fairfax County specific employment data by sector are reported on a delayed basis and are currently available through the fourth quarter of 2019. In December 2019, total non-farm employment in the County was 631,332, an increase of nearly 11,400 jobs or 1.8 percent compared to December 2018. Employment rose 1.4 percent in 2016, 1.1 percent in 2017, 1.8 percent in 2018, and 1.5 percent for all of 2019. The sector with the largest employment gain in Fairfax County in December 2019 was Professional and Business Services, which increased by 6,157 employees or 2.8 percent compared to December 2018.