

Fauquier County Economic Indicators



March 31, 2016
Office of Management and Budget

I. Executive Summary

Fiscal health can be measured by a myriad of factors which provide insight to current and historical economic conditions, future projections, budget preparation, and determining needs or priorities of the community.

The data provided in this document is a means of presenting fiscal health characteristics in terms of current and historical trends. The data provides a quick snapshot of the market today to indicate where the market is moving, and/or utilizes historical trends to display the market trends over multiple fiscal or calendar years. Current trends provide context for the historical trends of the economic environment, its prolonged expansion or contraction of the market, and signs of change.

The information that follows was derived from various sources including federal, state, and local government and the private sector. The information collected is based on 6 key categories for both current and historical trends: businesses, community development fees and permit issuances, employment, residential sales and foreclosures, local revenues, and taxable sales.

Section II of the document provides a table of key observations for both current and historical economic indicators. For current economic indicators, observations are given a rating of positive, neutral, or negative based on their impact to the economic environment. Section III of the document provides overview of the economic indicator categories with various graphs. The section is divided into two sections: current and historical economic indicators.

Fauquier County Economic Indicators

II. Trends and Analysis

A. Current Economic Indicators

The following table displays key observations in the review of current economic indicators. The trend for each key indicator listed below is rated by one of the following symbols:

-  **Positive trends observed; can be an indicator of market expansion**
- **Neutral trends observed; changes can be an indicator of decline or growth**
-  **Negative trends observed; can be an indicator of market contraction**

Category	Indicator	Trend	Comments
Community Development	Community Development Fees	-	Community Development fees decreased by 13% at the end of the third quarter as compared to the same time period last year. However, permitting activity continues to rise.
Community Development	Building & New Residential Construction Permits	-	While permitting volume only saw a 1.3% increase in the first three quarters of FY 2016, new construction permits saw an increase of 144%, due in large part to the issuance of permits for a multi-dwelling structure, with overall construction values and total permitting revenue continuing to increase year over year.
Employment	Unemployment Rate	-	The current unemployment levels are significantly below the County's ten and five-year averages of 4.3% (2005-2014) and 5.2% (2010-2014). The County's unemployment rate was 3.6% as of March 2016, down slightly from the last fiscal year and ranked 15 th lowest overall.
Employment	Unemployment Insurance Claims		Continued and initial unemployment insurance claims continue to decline, with only seasonal fluctuation.
Local Revenue	County Sales Tax Collections	-	The County sales tax collections continue to experience year-over-year increases, with a 4% increase at the end of the third quarter of FY 2016 as compared to the same period in FY 2015, similar to, or slightly ahead of the rest of the State and region.
Residential Housing Market	Days Houses are on Market		During the second quarter of FY 2016, average days on the market decreased by 39% as compared to the same period in FY 2015, and the number of units sold went up by almost 30%, similar to the rest of the region.
Residential Housing Market	Median Sales Price	-	While median home sales values decreased 6% during the third quarter of FY 2016, and by a little over 7% as compared to the third quarter of FY 2015, median sales continues to experience normal seasonal fluctuation.
Residential Housing Market	Number of Homes Sold	-	The number of home sales continues to experience normal seasonal fluctuation, similar to the entire region.
Residential Housing Market	Foreclosure Filings		Foreclosure filings continue to decline, returning to pre-recession levels.

Fauquier County Economic Indicators

B. Historic Economic Indicators

The following table displays trends and observations relative to historic economic indicators and how those observations may impact current economic indicators.

Category	Indicator	Trend	Comments
Businesses	Number of New Licenses Issued	↑	The number of new licenses issued for businesses in FY 2015 increased 17% from FY 2014, while continuing to show yearly fluctuation.
Businesses	Number of Start-up Firms	-	Significant seasonal fluctuation remains, and the estimated number of start-up firms has remained undifferentiated in the first quarter of CY 2015 as compared to the same period in the previous year.
Residential Housing Market	Foreclosures by Loan Type	-	During the first three quarters of FY 2016, the number of owner-occupied prime loans in foreclosure and owner-occupied subprime loans in foreclosure continued to decline in the County.
Taxable Sales	Taxable Sales	-	Taxable sales continue to improve year-over-year, with only seasonal fluctuation similar to the entire region.

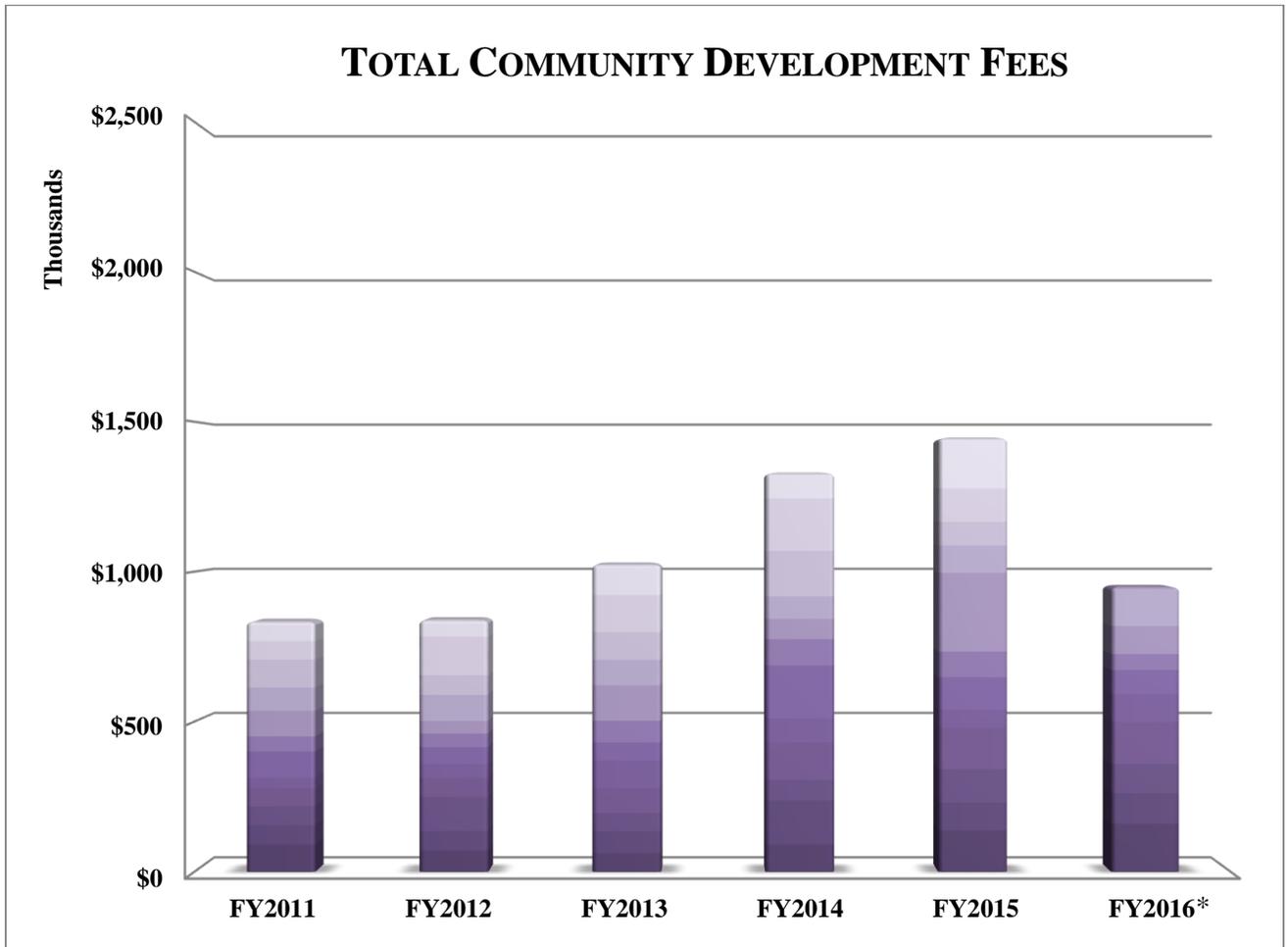
III. Economic Indicators – Data

A. Current Economic Indicators Data

1. Community Development

a) Community Development Fees

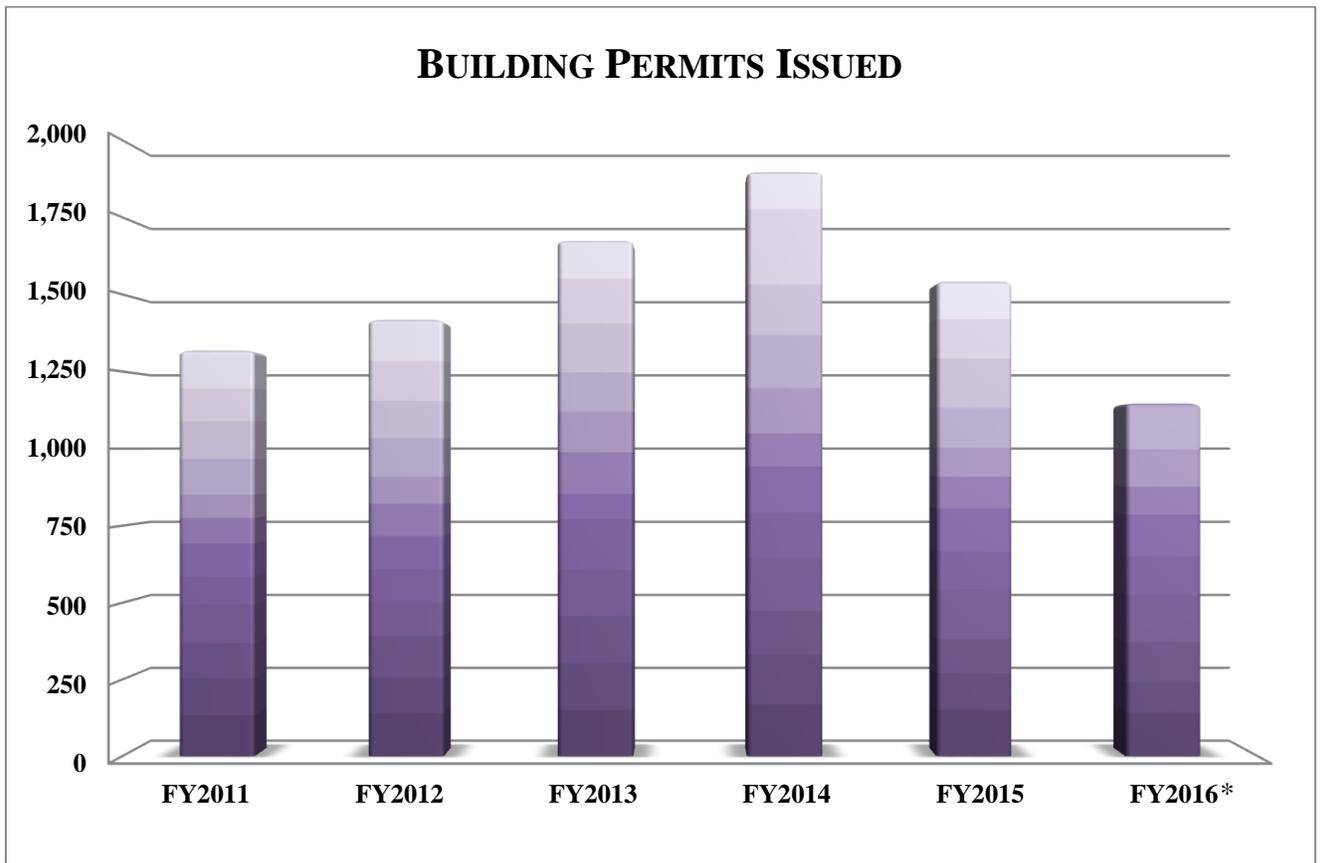
At the end of the third quarter of FY 2016, Community Development Fee revenue experienced a 13% decrease over the same period in FY 2015. Permitting volume has remained consistent during the first three quarters of FY 2016 as compared to FY 2015, while the level of construction value has grown, which is a positive trend.



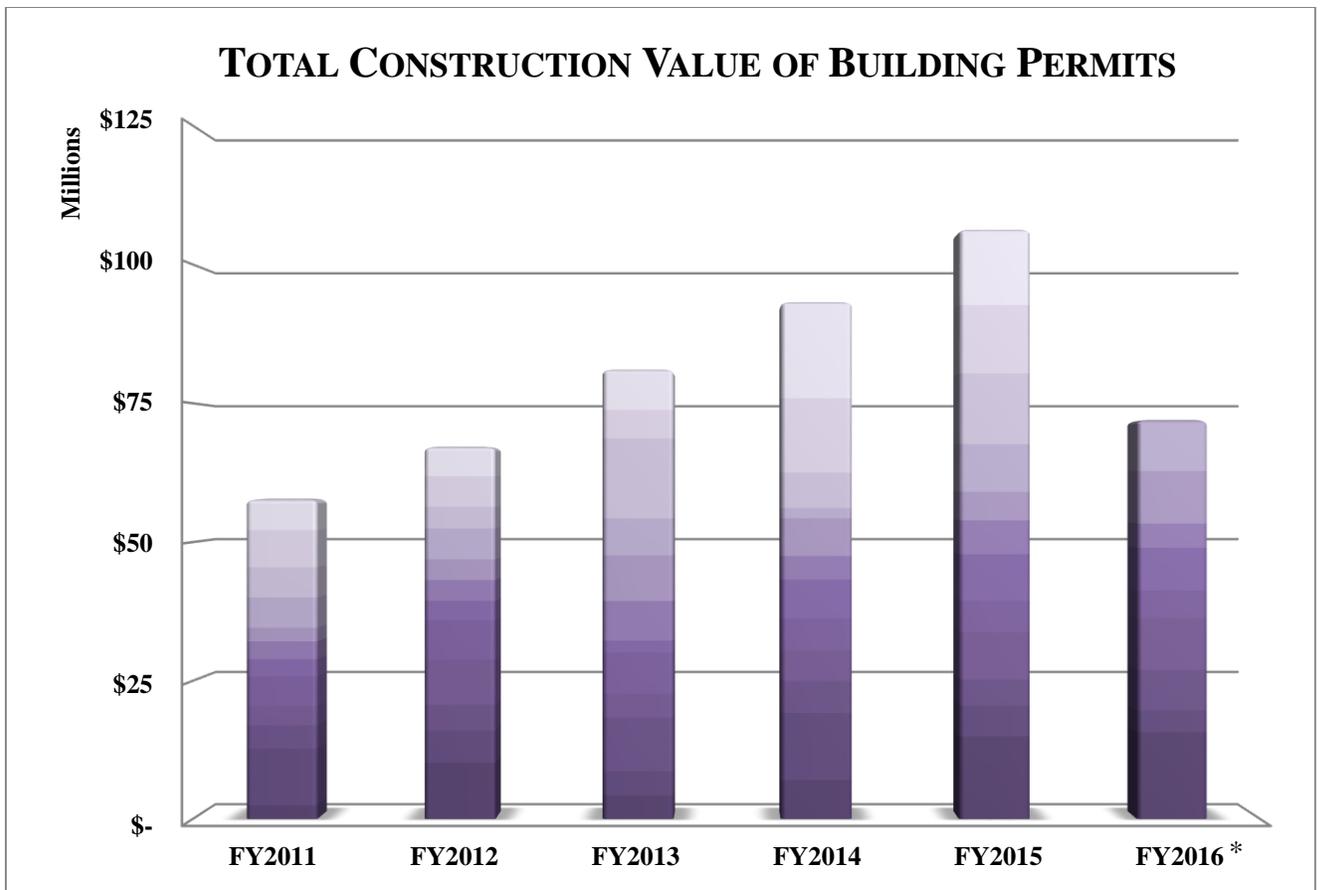
Source: Community Development. *FY 2016 includes data as of March 31, 2015.

b) Building Permits

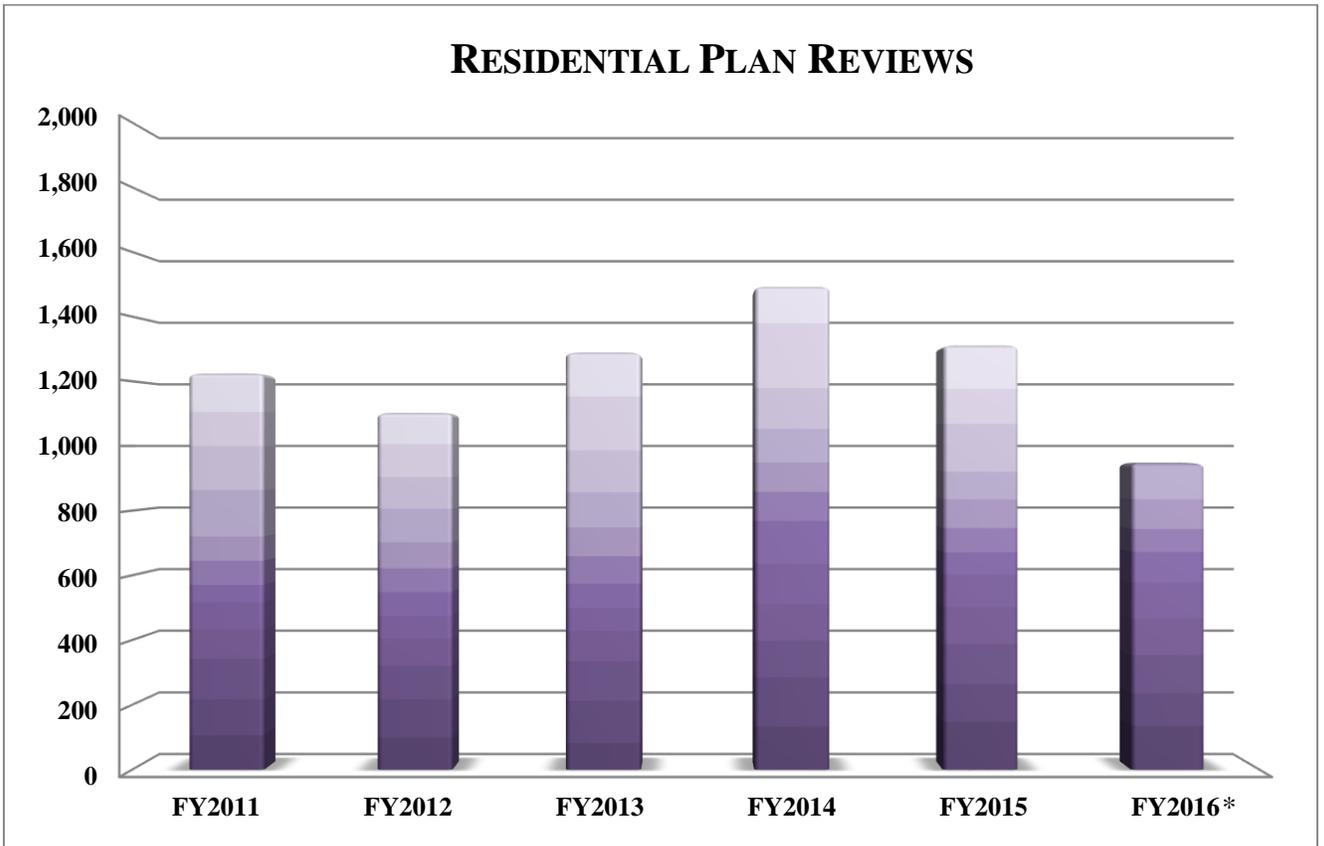
Building permits issued has increase by 1.3% in the first three quarters of FY 2016 compared to the same period in FY 2015, while new residential construction permits saw an increase of 144%. The increase in construction permits is due in part to the issuance of permits for a multi-dwelling structure in the beginning of the fiscal year. However, similar to the trends seen in the real estate sales market throughout the region, while the volume is lower, the level of value of construction is higher with a 7% increase at the end of the third quarter of FY 2016 as compared to FY 2015.



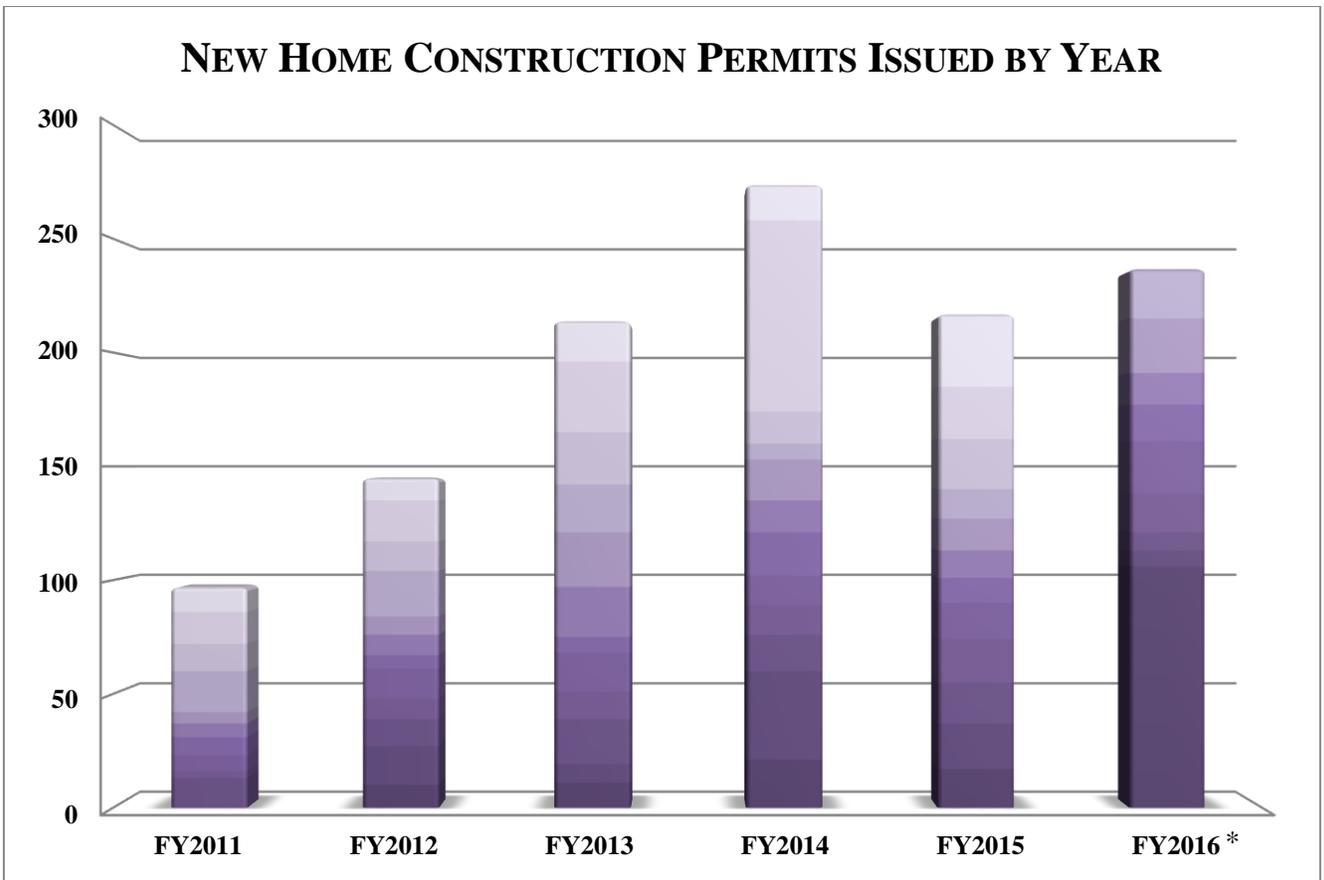
*FY 2016 includes data as of March 31, 2015.



*FY 2016 includes data as of March 31, 2015.



*FY 2016 includes data as of March 31, 2015.

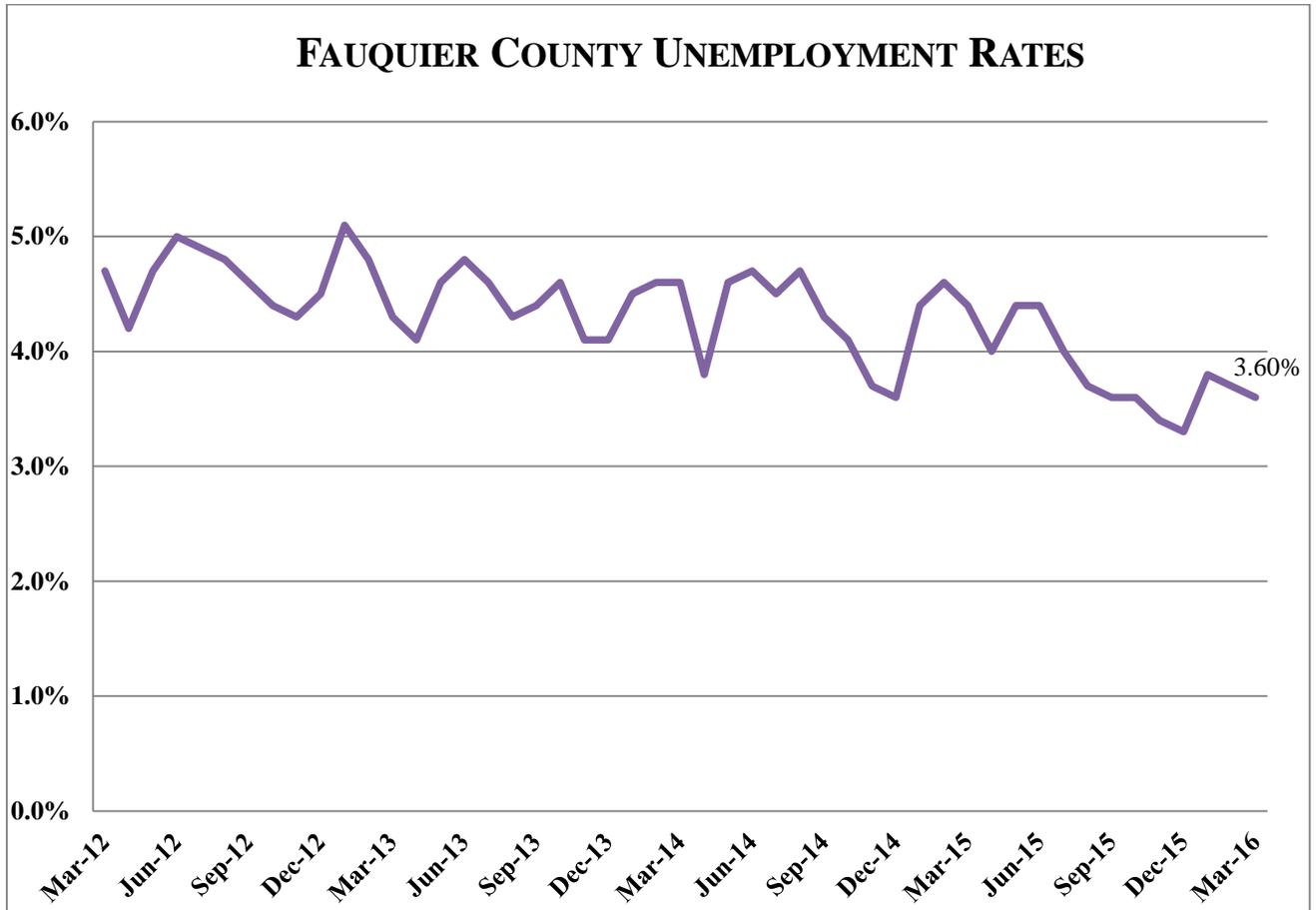


*FY 2016 includes data as of March 31, 2015.

2. Employment

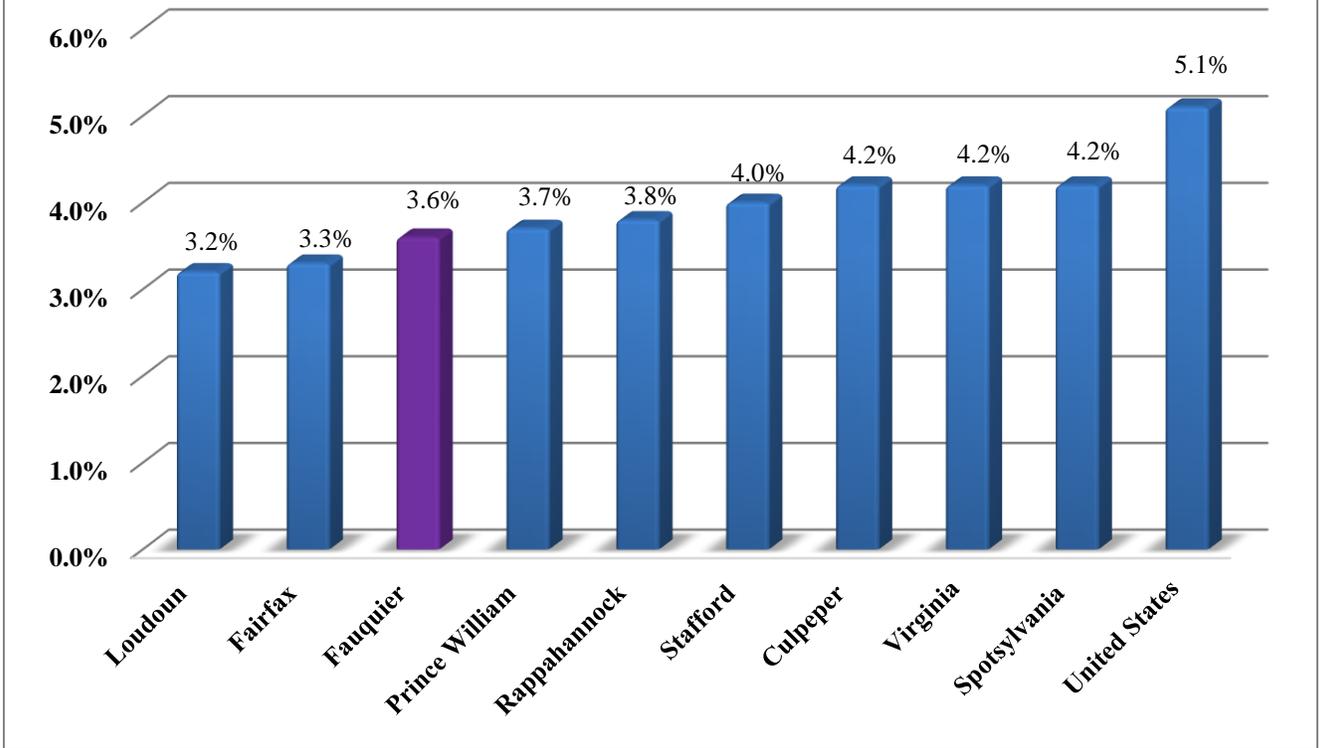
a) Unemployment Rates

The Fauquier County unemployment rate remains stable, experiencing a steady decline with normal seasonal fluctuation. In comparison to other local jurisdictions, Fauquier County's March 2016 unemployment rate of 3.6% trails Fairfax and Loudoun; and leads Prince William, Rappahannock, Culpeper, Stafford, and Spotsylvania. Overall for the Commonwealth, Fauquier County ranked 15th behind other localities such as Arlington, Falls Church City, Fairfax City, Alexandria City, Madison, and Albemarle.



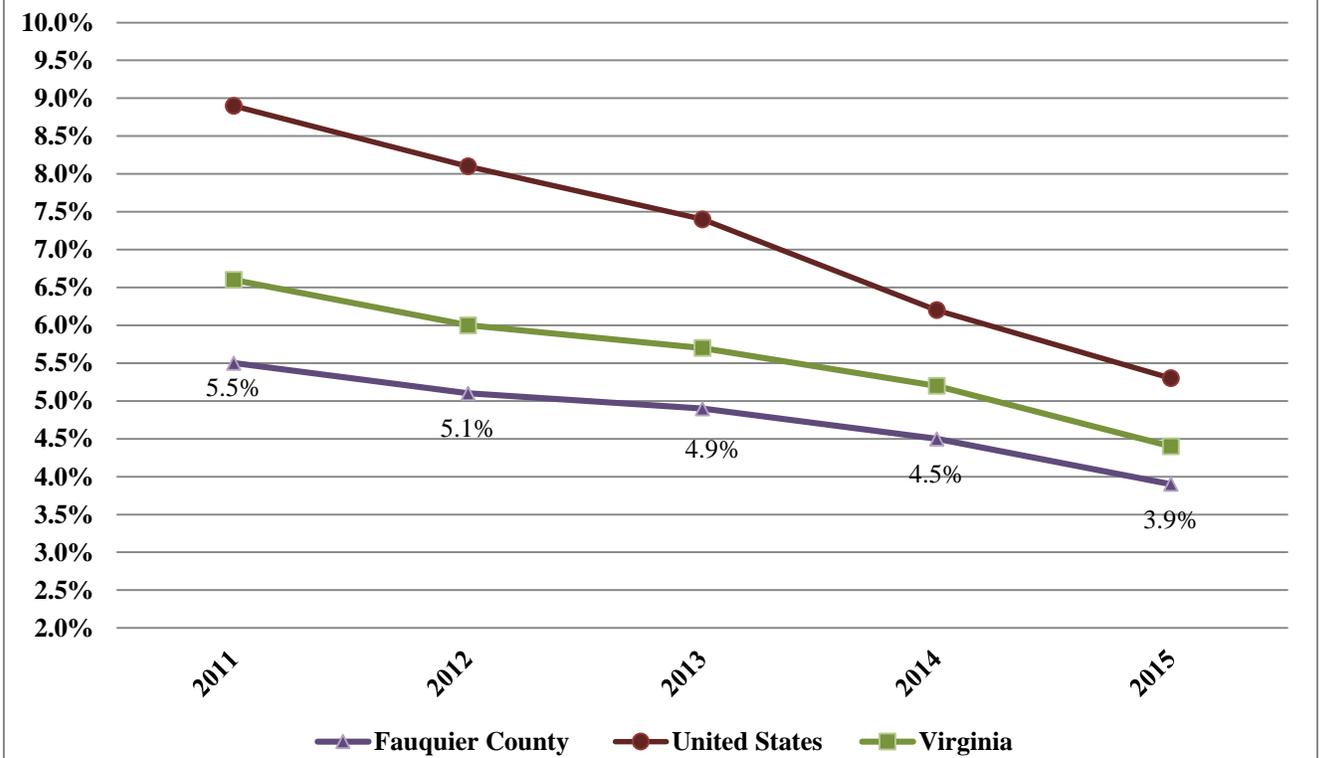
MARCH 31, 2015 UNEMPLOYMENT RATES

not seasonally adjusted



AVERAGE ANNUAL UNEMPLOYMENT RATES

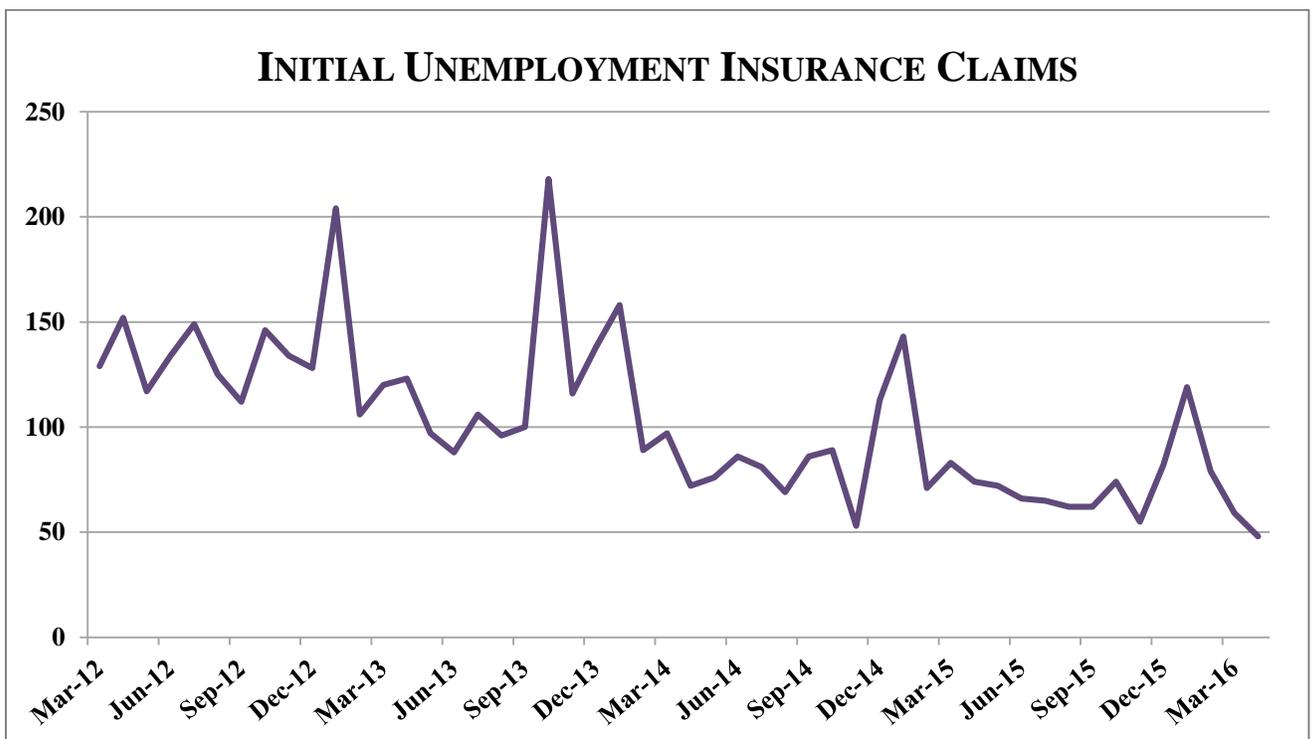
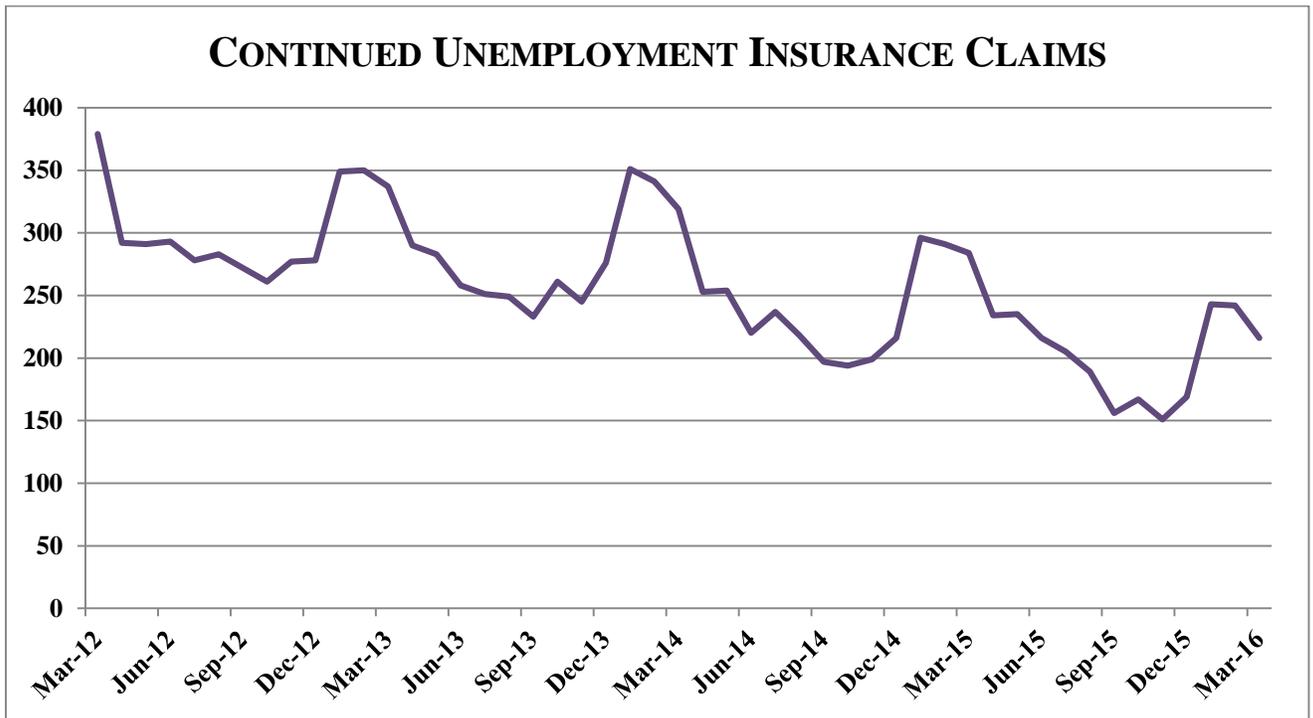
not seasonally adjusted



Source: Virginia Employment Commission

b) Unemployment Insurance Claims

Continued unemployment insurance claims and initial unemployment claims continued to decrease by the end of the third quarter of FY 2016, consistent with seasonal fluctuation but at a lower rate of change. Continued unemployment insurance claims decreased over 18% at the end of the third quarter of FY 2016 as compared to the same time period in FY 2015, and initial unemployment claims decreased almost 17% during the same time periods.



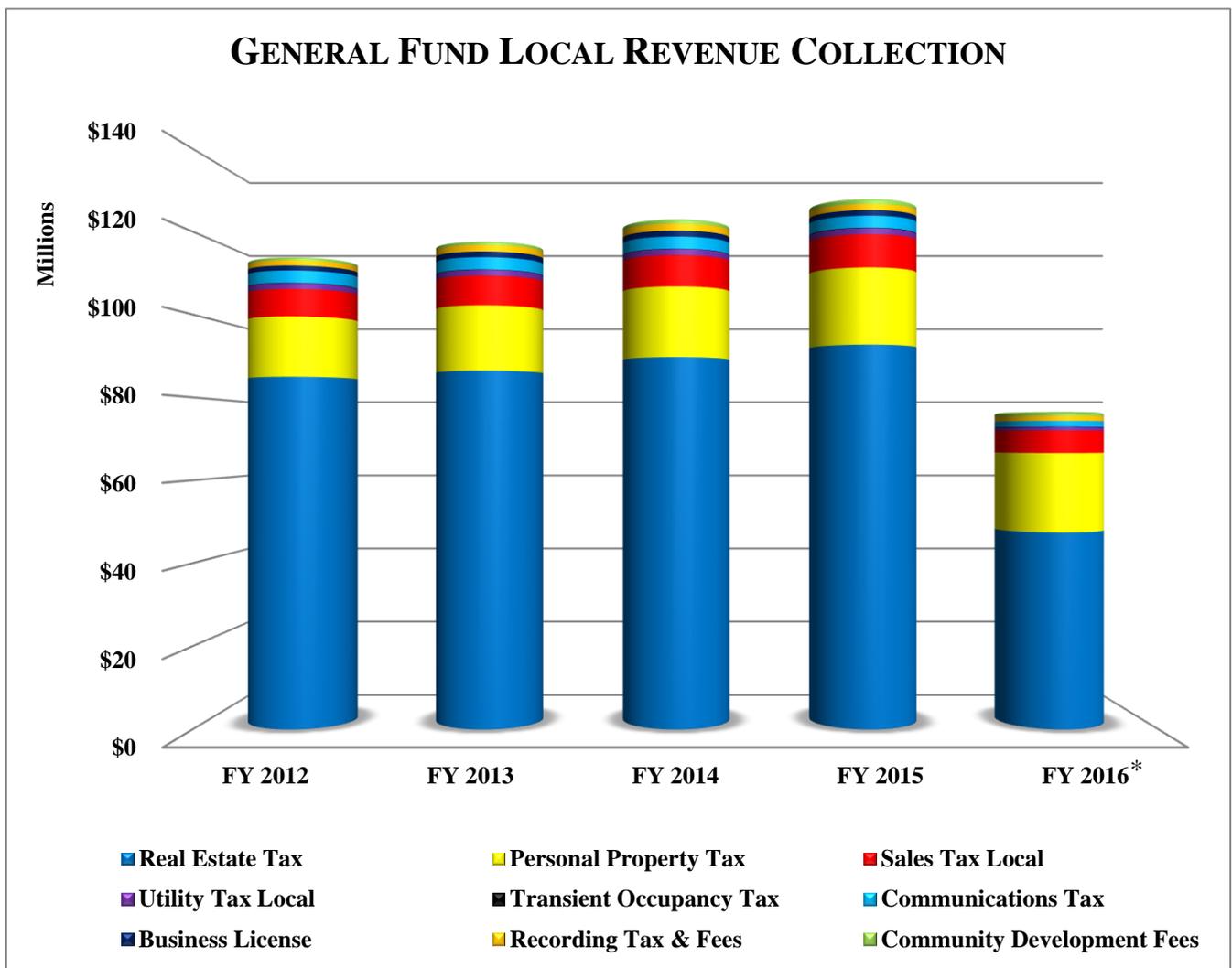
Source: Virginia Employment Commission

3. Local Revenues

The following graphs display key General Fund local revenue sources. Local revenue sources observed are real estate tax, personal property tax, sales taxes, utility tax, recording tax and fees, business and other professional licensing tax and fees, and transient occupancy tax revenue.

a) General Fund Local Revenue Collection

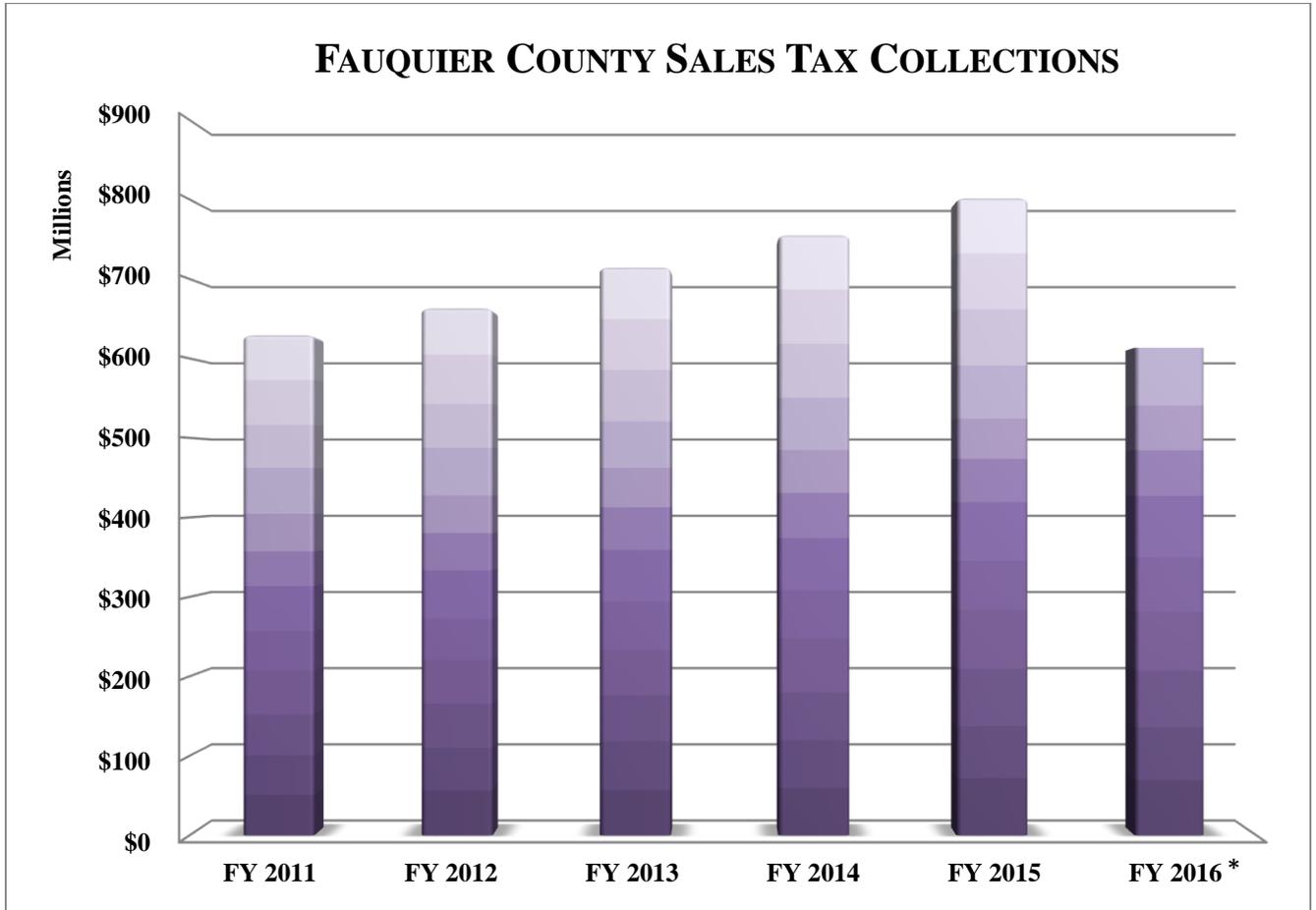
At the end of the third quarter of FY 2016, General Fund local revenues showed significant signs of growth in personal property and recording taxes. While Community Development fees experienced a slight decrease, business license fees experienced a slight increase by the end of the third quarter of FY 2016, and sales tax is at a slightly higher growth rate than the prior fiscal year for the same period, continuing the County's modest General Fund growth trends.



*FY 2016 includes data as of March 31, 2015.

b) Sales Tax Revenue

Monthly sales tax collections saw a 4% increase at the end of the third quarter of FY 2016 compared to the same period in the prior fiscal year. This trend is similar to, and slightly ahead of the relatively flat year-over-year trend for the State and region.



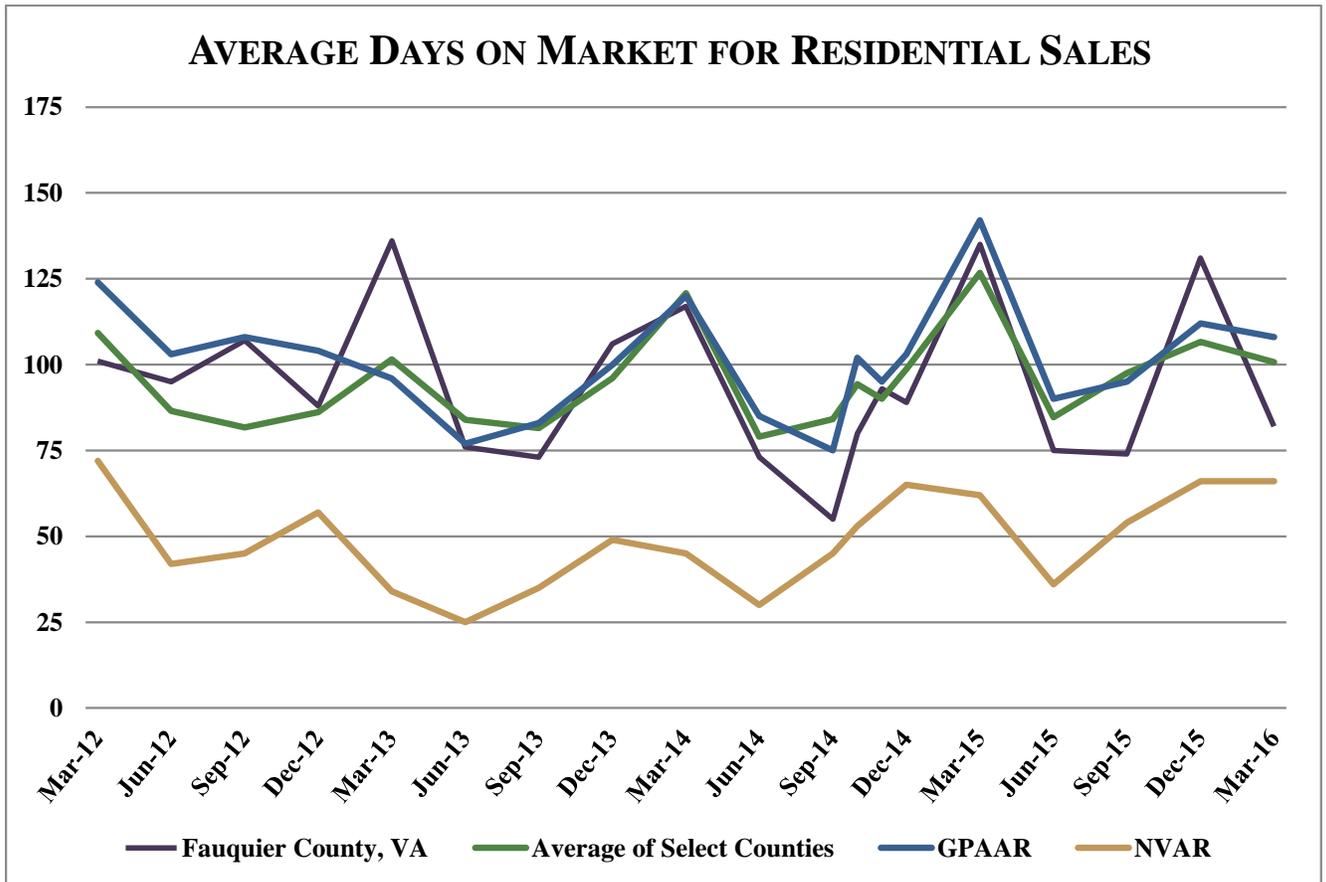
*FY 2016 includes data as of March 31, 2015.

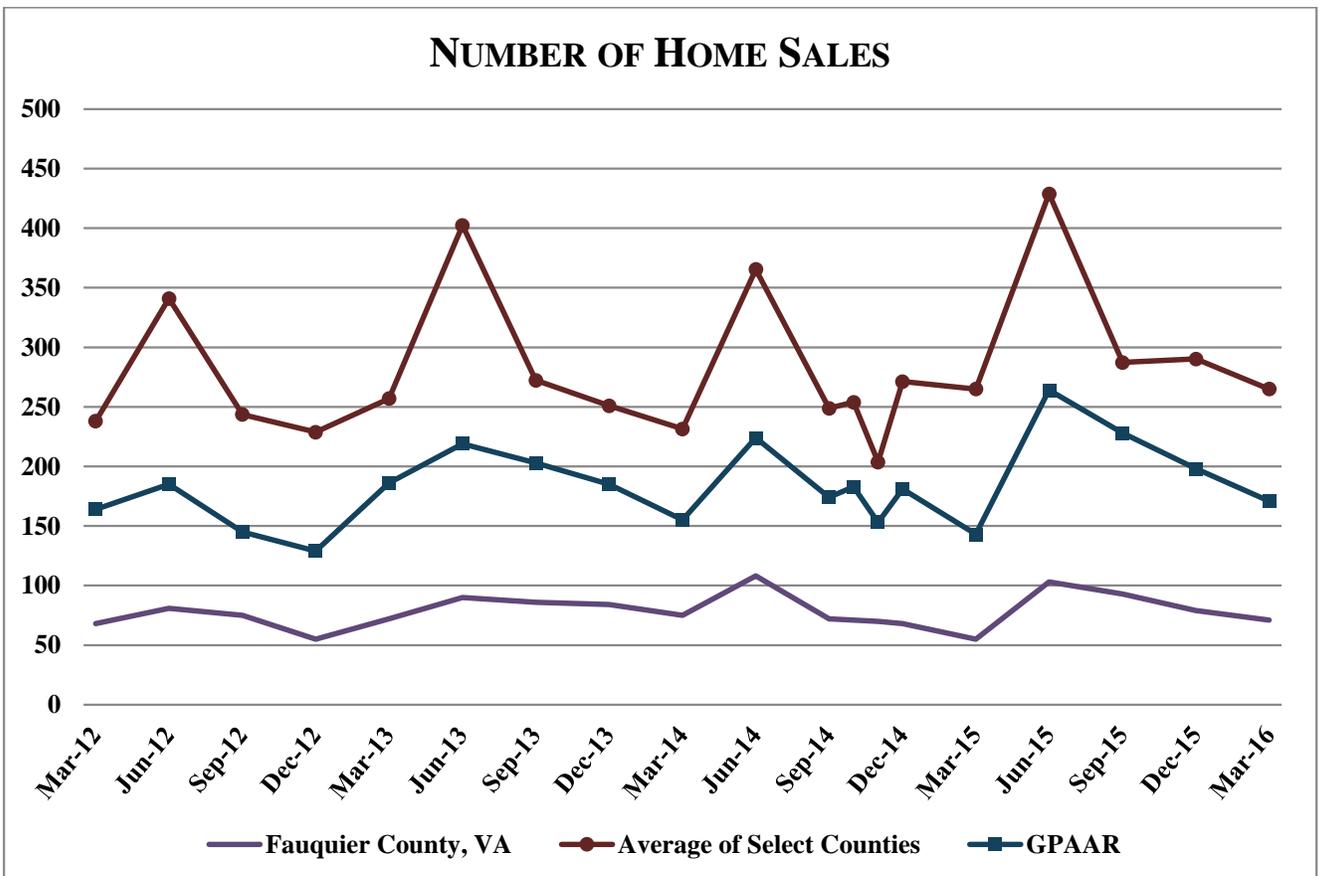
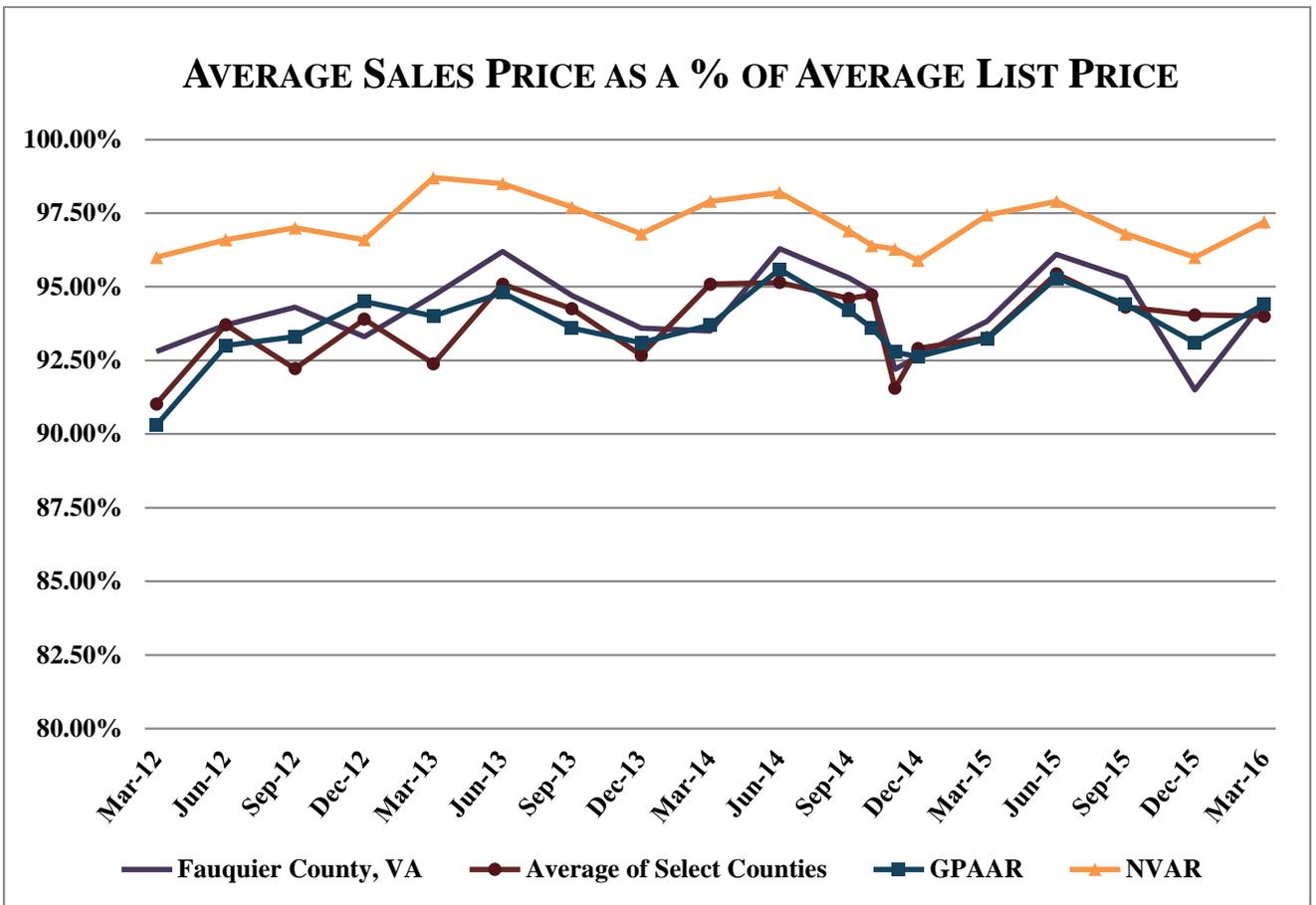
4. Residential Housing Market – Current Data

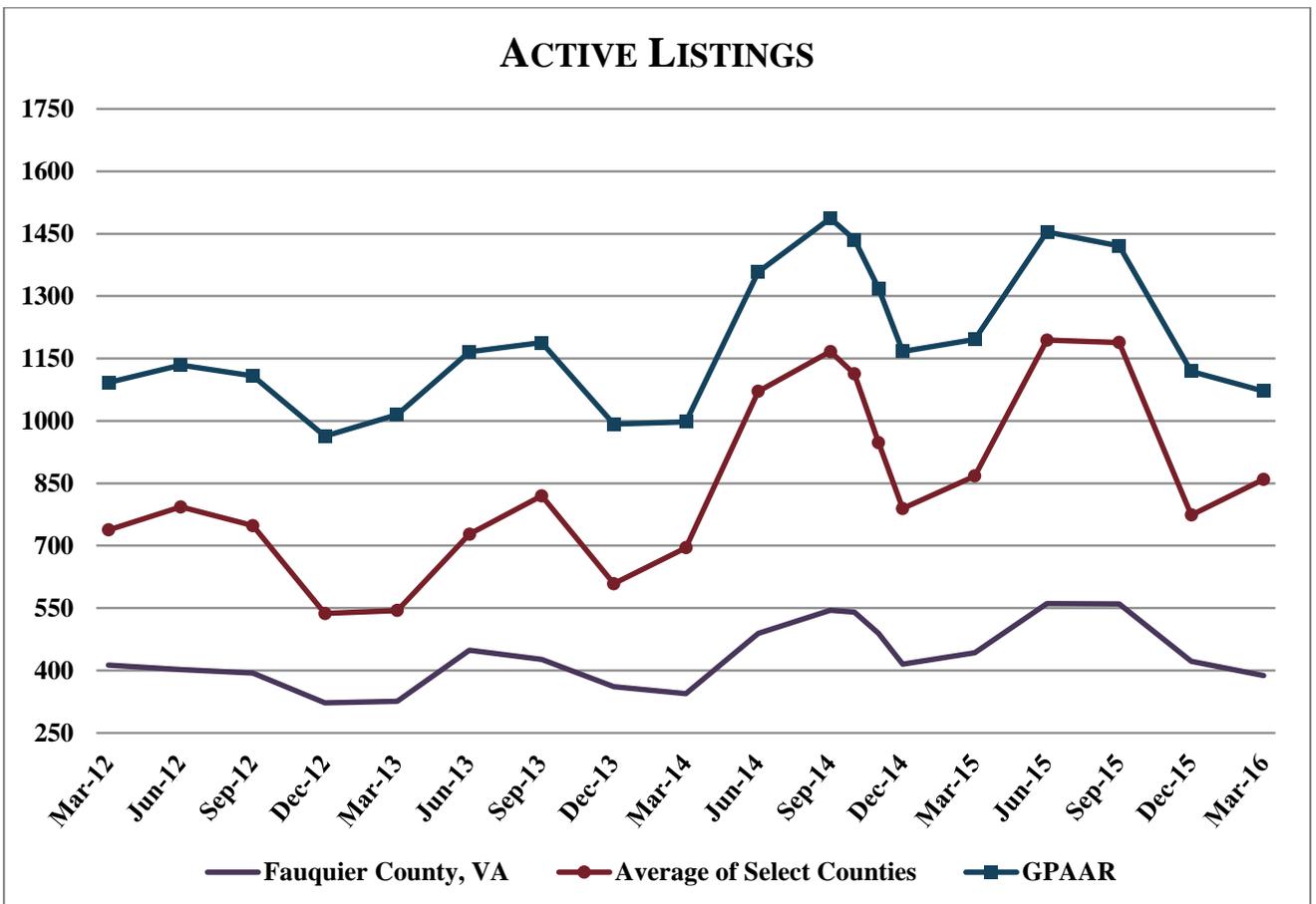
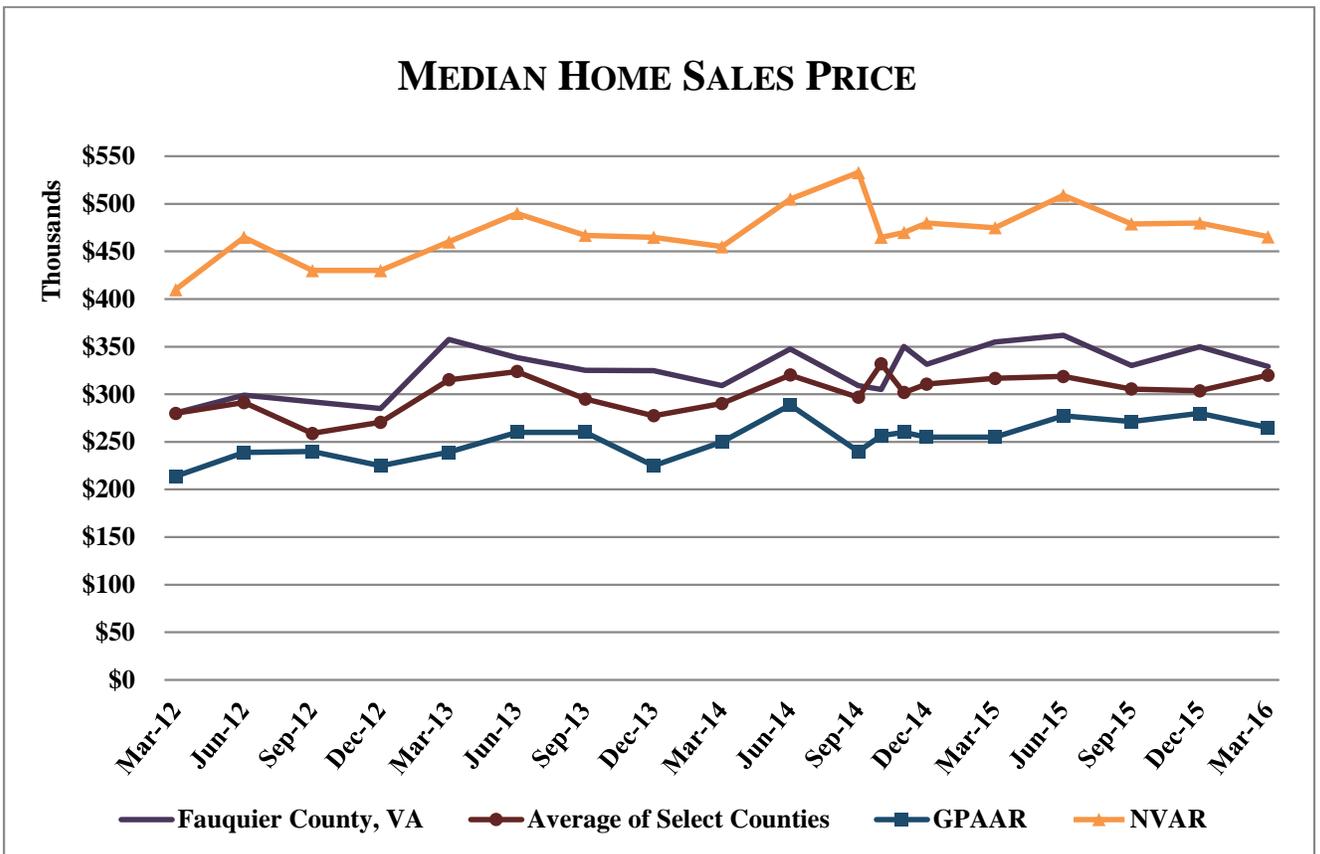
The following charts provide data on various characteristics of the local residential housing market. The graphs display data for Fauquier County, the Greater Piedmont Area Association of Realtors, Northern Virginia Association of Realtors, and/or an Average of select counties. The Greater Piedmont Area Association of Realtors (GPAAR) is composed of the following counties: Fauquier, Culpeper, Orange, Madison, and Rappahannock. The Northern Virginia Association of Realtors (NVAR) is composed of the following counties or cities: Fairfax County, City of Fairfax, Arlington County, City of Alexandria, and City of Falls Church. The selected counties for purposes of averaging include Fauquier, Culpeper, Orange, Madison, Fairfax, Loudoun, Prince William, Rappahannock, and Spotsylvania.

a) Residential Sales

The County’s housing market was stable through the end of the third quarter of FY 2016, with only normal seasonal fluctuation. At the end of the third quarter of FY 2016, while the number of active listings and median sales prices decreased slightly, the average days on the market decreased by 39% as compared to the same time period in FY 2015, and the number of units sold went up by almost 30% in the same period.



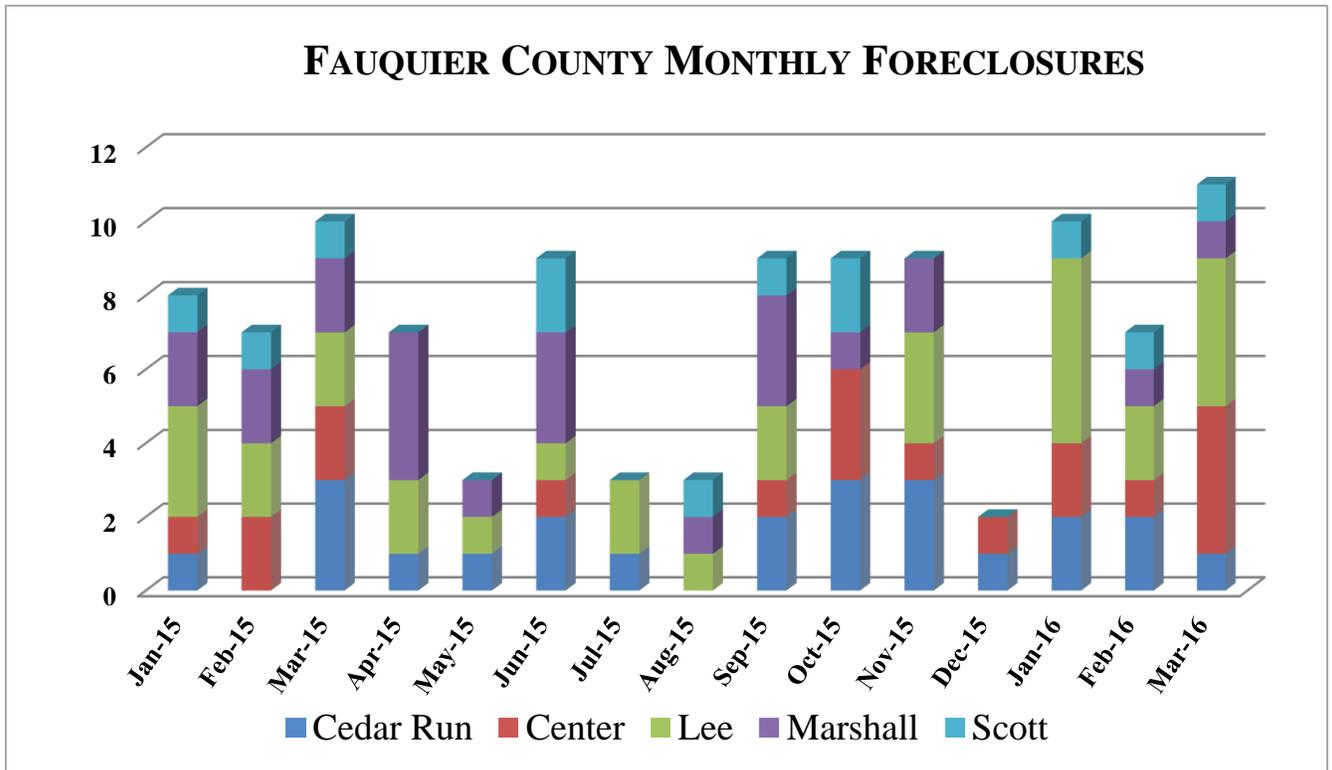
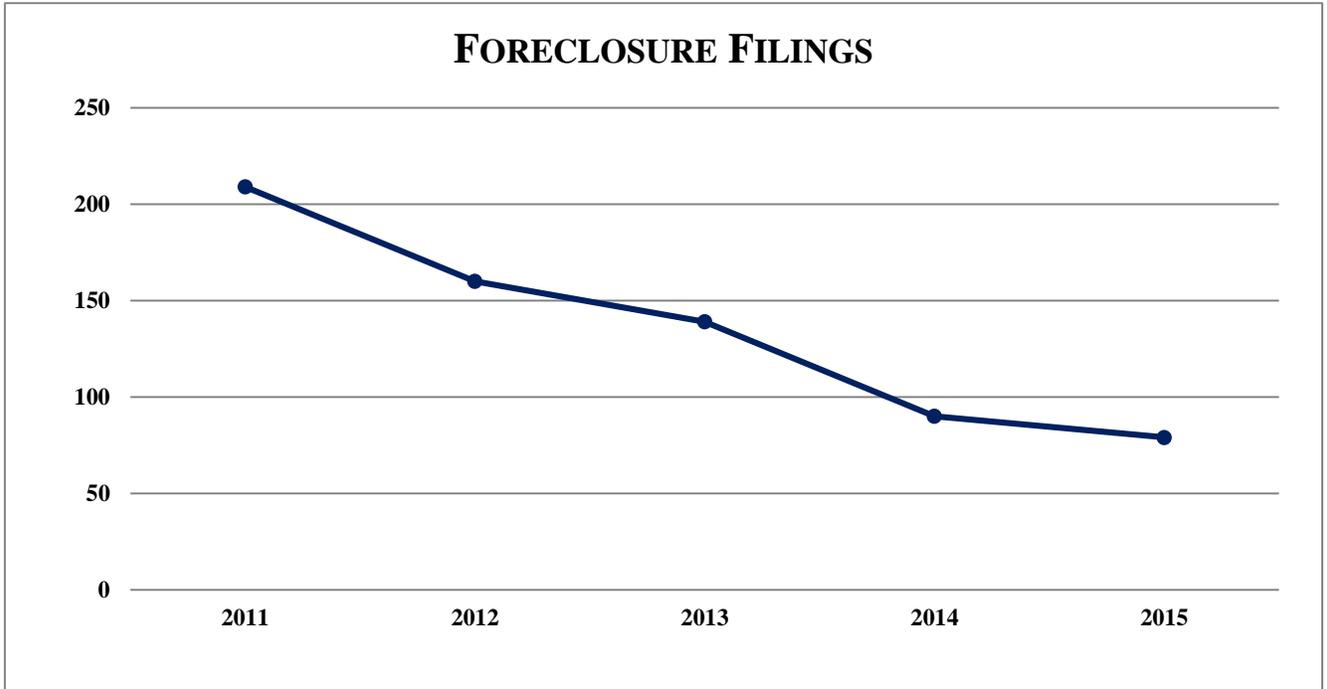




Source: Metropolitan Regional Information Systems, Inc. (MRIS)

b) Foreclosures

Foreclosure filings increased from 20 in the second quarter of FY 2016 to 28 in the third quarter of FY 2016, due to normal seasonal fluctuation. However, foreclosure filings in the County continue to decrease overall, with a 6% decrease in the first three quarters of FY 2016 compared to the same period in FY 2015.

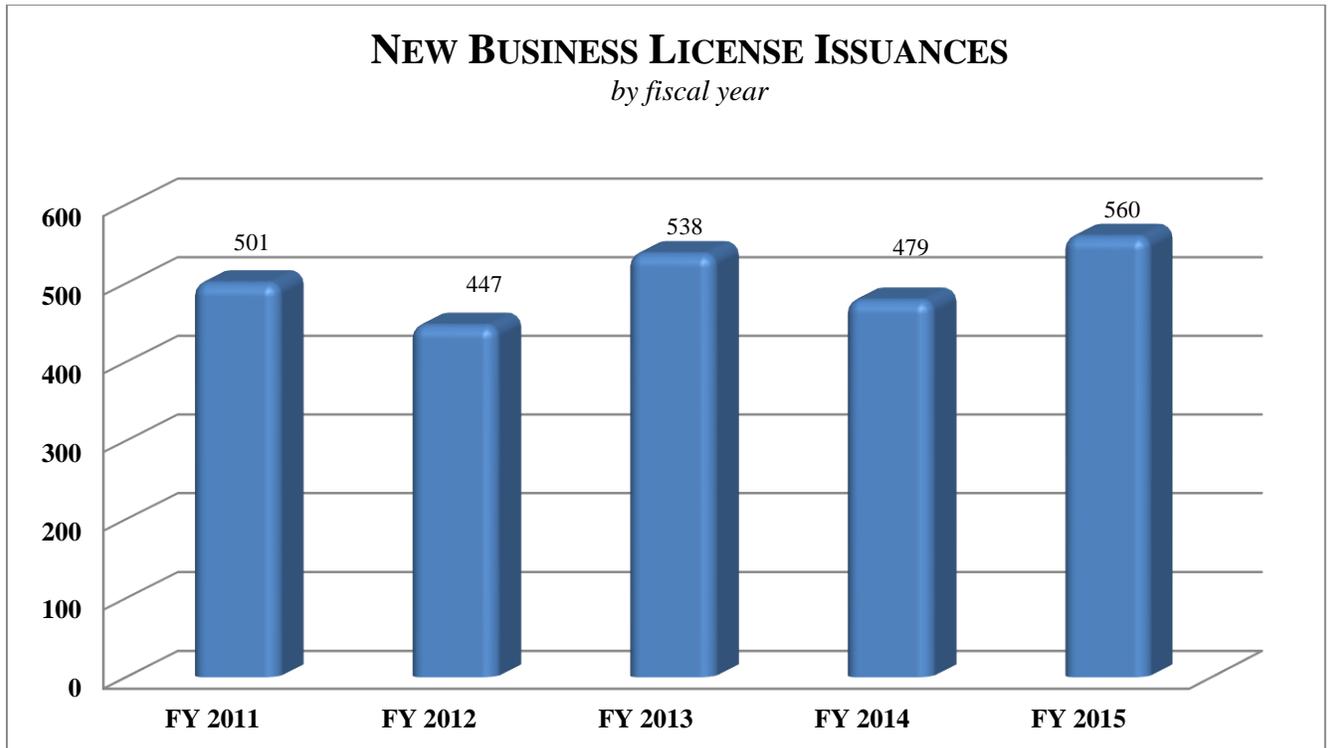


11 foreclosure listings as of March 31, 2016. Source: Fauquier County's Clerk of the Circuit Court Monthly Real Property Transfer Report.

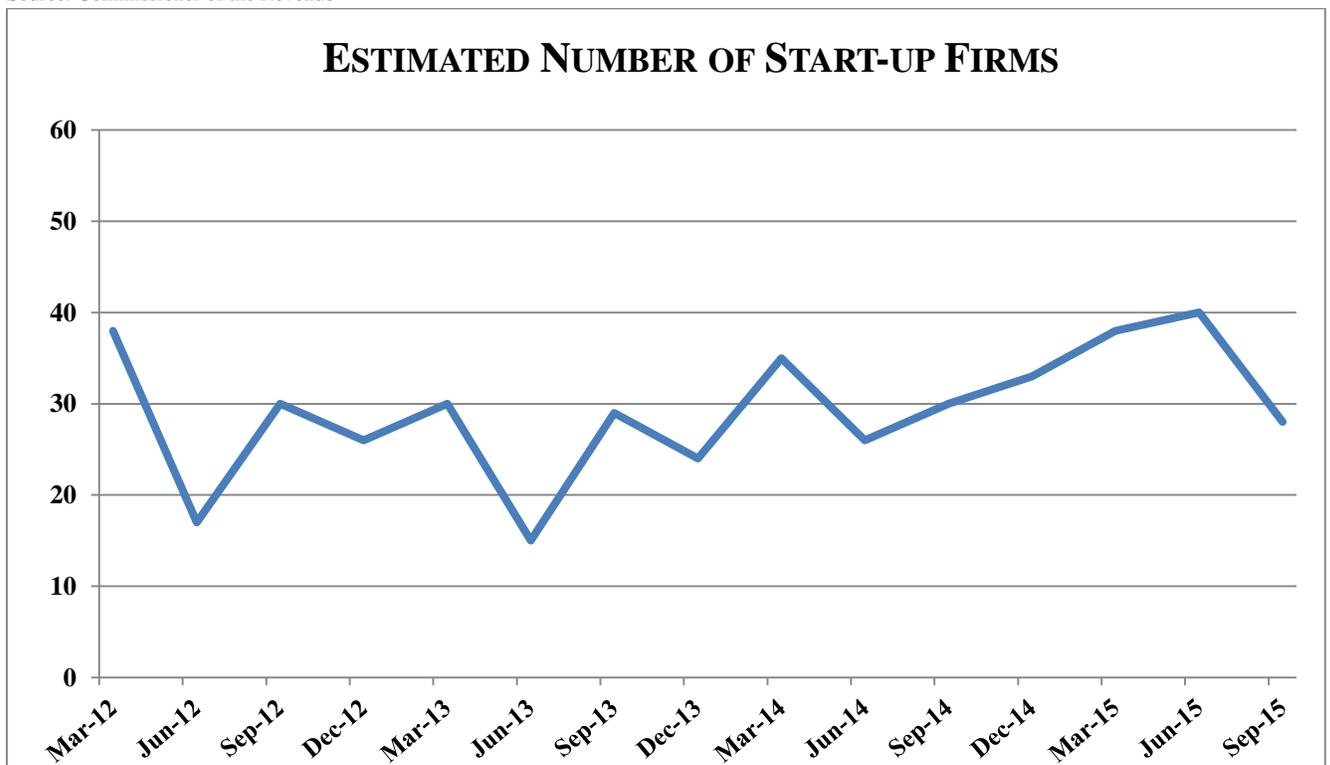
B. Historical Economic Indicators Data

1. Businesses

The number of new licenses issued for businesses continues to fluctuate year over year, with a 17% increase in FY 2015 compared to FY 2014. The number of start-up firms in Fauquier County in the first three quarters of CY 2015 saw a 16% increase from the same period in CY 2014.



Source: Commissioner of the Revenue



Source: Virginia Employment Commission, as of September 30, 2015.

2. Residential Housing Market – Historical Data

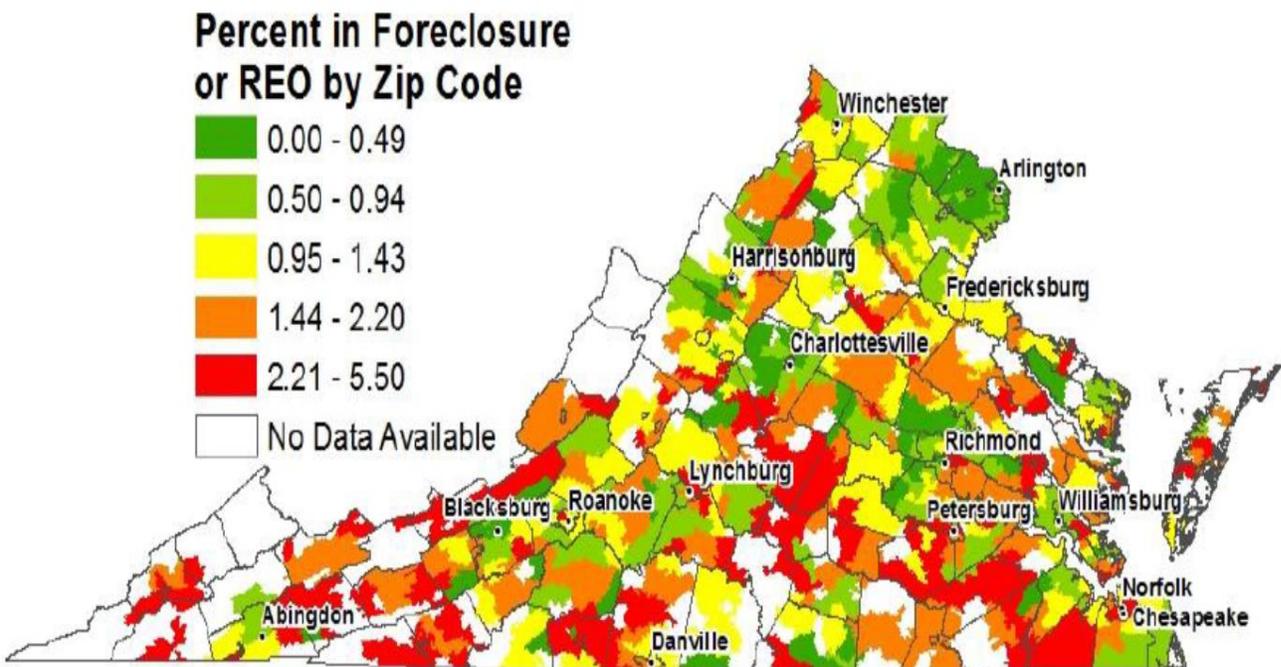
a) Residential Foreclosures and Delinquencies

The following five graphs are prepared by the Federal Reserve Bank of Richmond as part of their quarterly mortgage performance summaries for the Commonwealth of Virginia display:

- Percentage of foreclosures or REO for owner-occupied mortgages – prime loans;
- Percentage of delinquencies for owner-occupied mortgages – prime loans;
- Percentage of foreclosures or REO for owner-occupied mortgages – subprime loans;
- Percentage of delinquencies for owner-occupied mortgages – subprime loans; and
- Percentage of owner-occupied mortgages with subprime loans.

As of March 2016, foreclosures in the County continued to improve for prime and subprime loans. Additionally, the volume of owner-occupied home mortgages with subprime loans continued to lessen throughout the County.

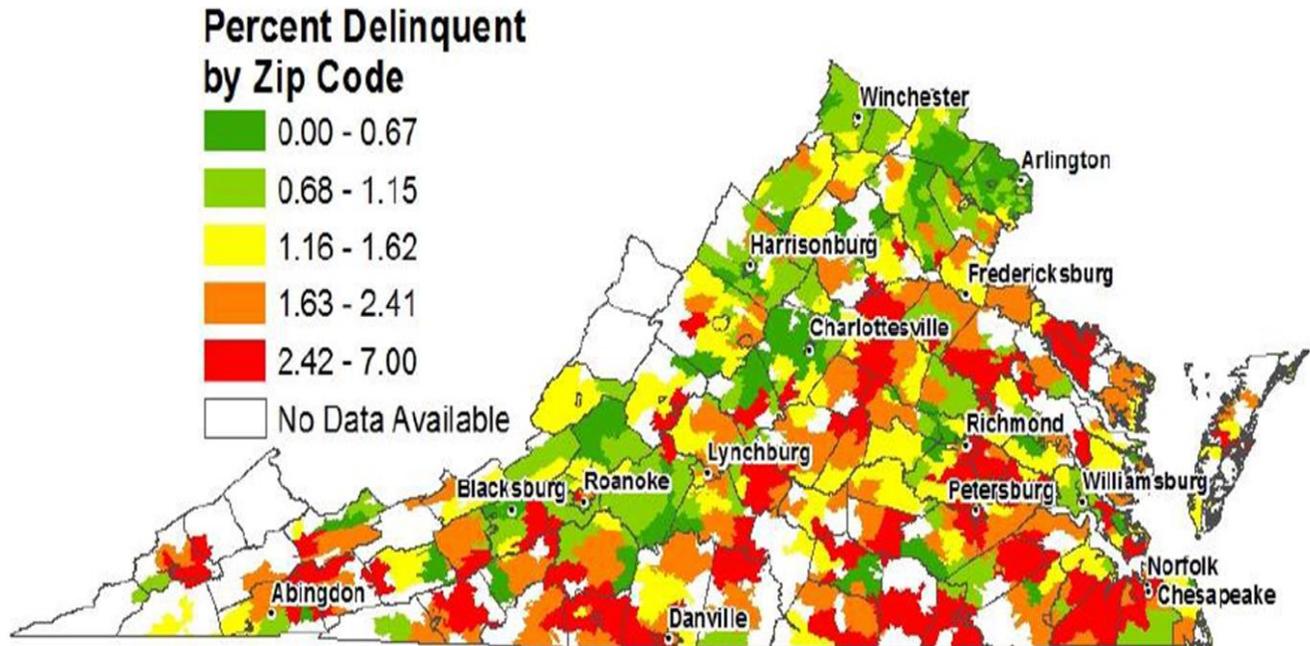
Percentage of Owner-Occupied Loans in Foreclosure or REO : Virginia



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or no data available.

Source: Federal Reserve Bank of Richmond/McDash Analytics (March 2016)

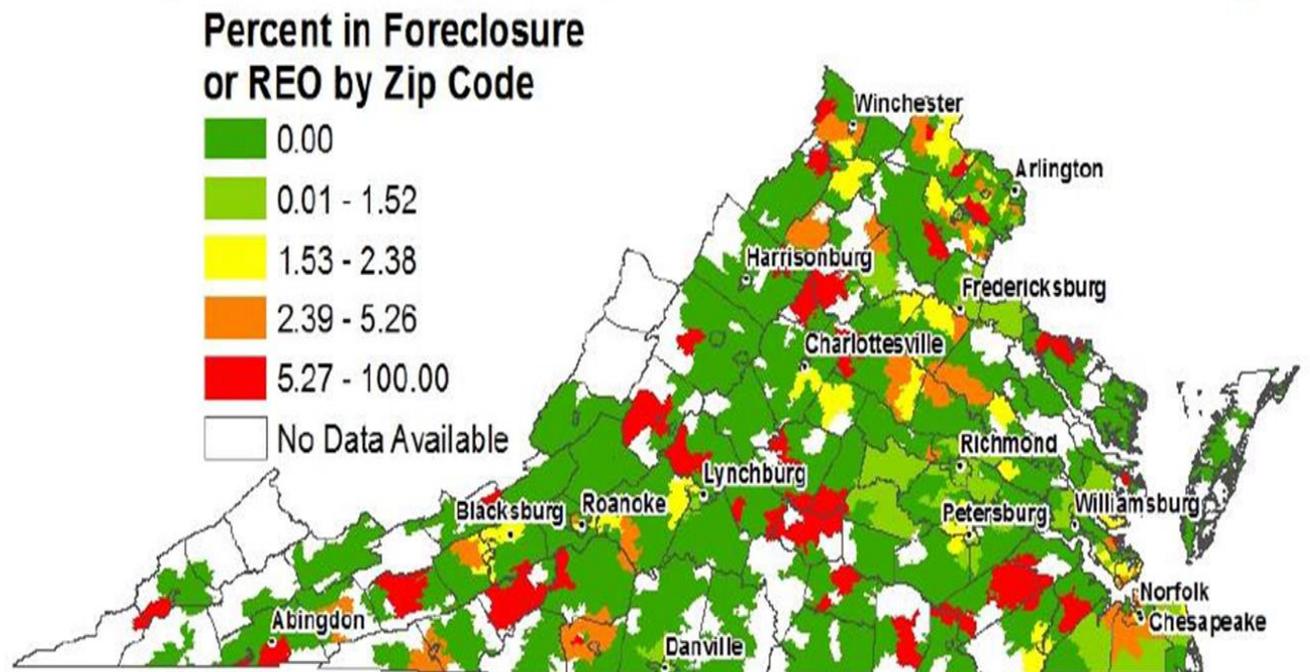
Percentage of Owner-Occupied Loans with 90+ Day Delinquency: Virginia



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or no data available.

Source: Federal Reserve Bank of Richmond/McDash Analytics (March 2016)

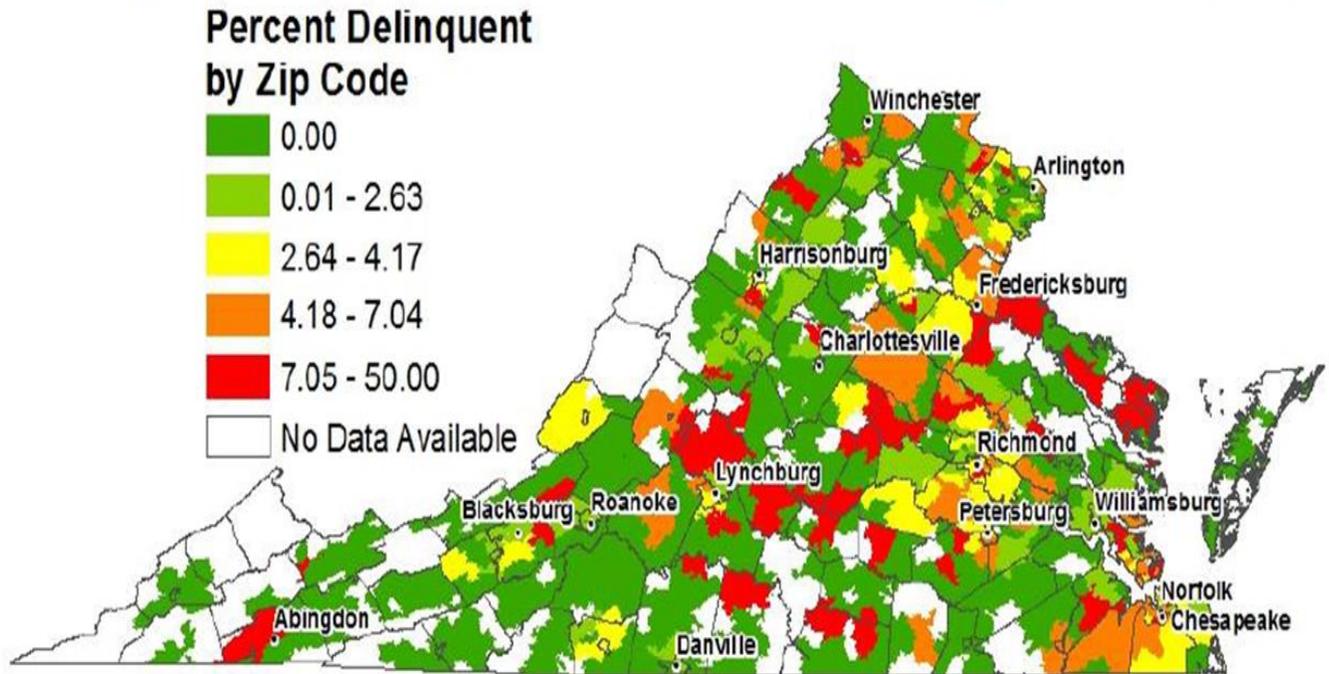
Percentage of Owner-Occupied Subprime Loans in Foreclosure or REO: Virginia



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or no data available.

Source: Federal Reserve Bank of Richmond/McDash Analytics (March 2016)

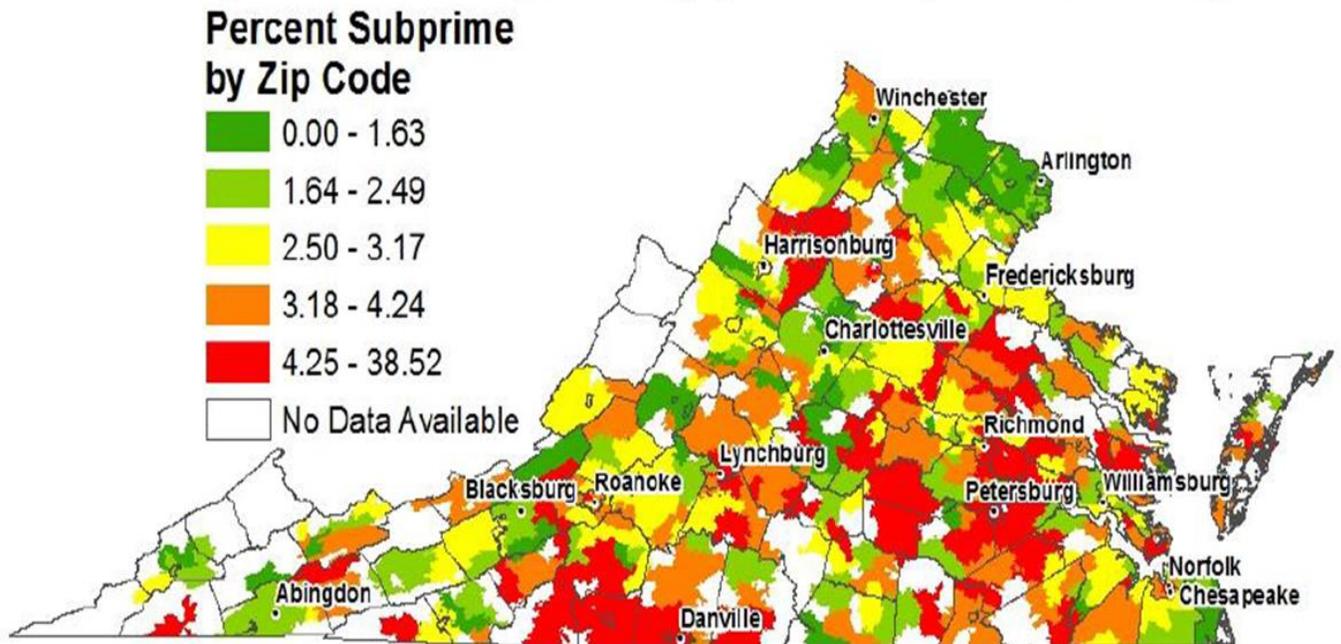
Percentage of Owner-Occupied Subprime Loans with 90+ Day Delinquency: Virginia



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or no data available.

Source: Federal Reserve Bank of Richmond/McDash Analytics (March 2016)

Percentage of Owner-Occupied Mortgages with Subprime Loans: Virginia



Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or have no data available.

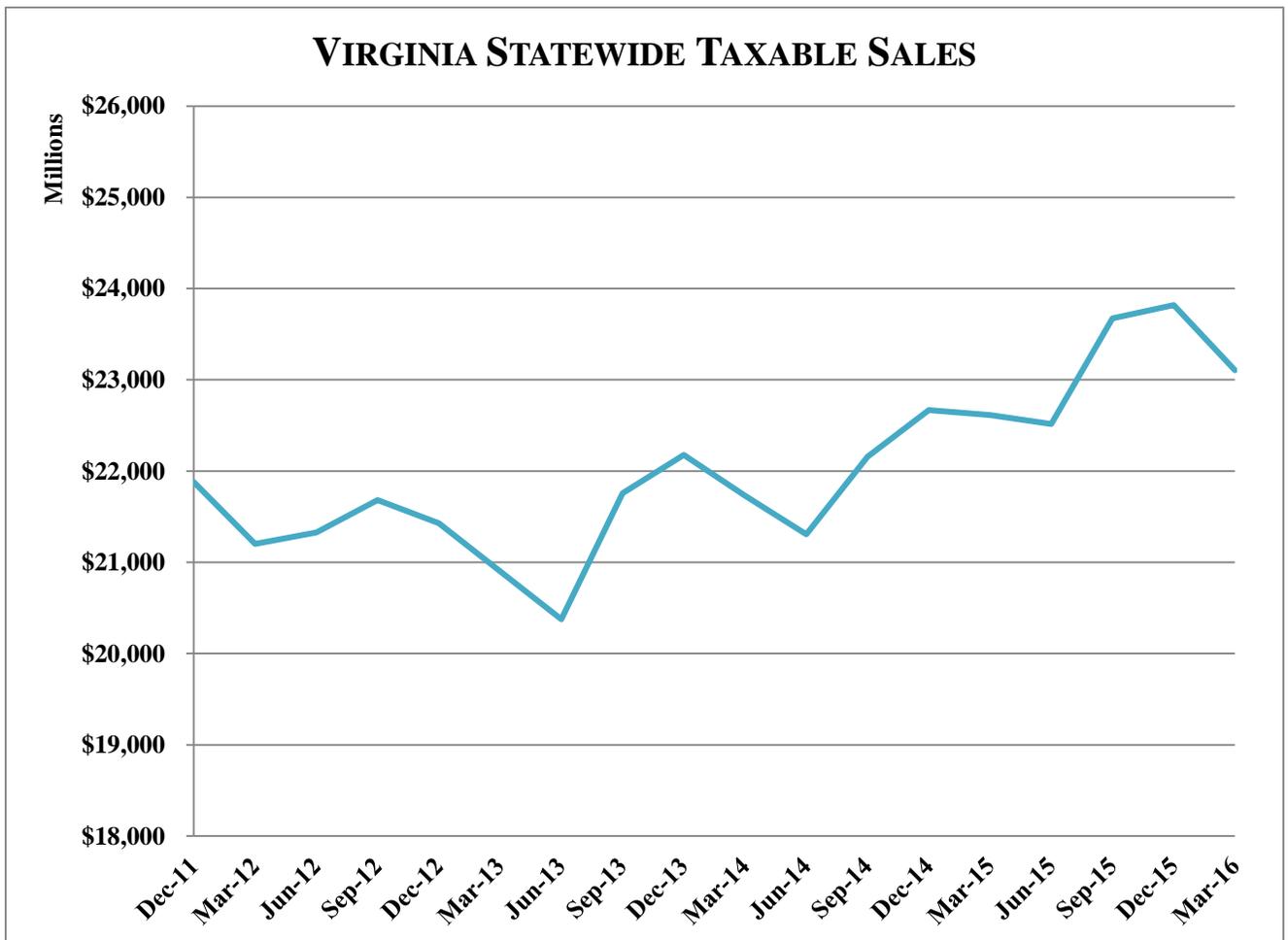
Source: Federal Reserve Bank of Richmond/McDash Analytics (March 2016)

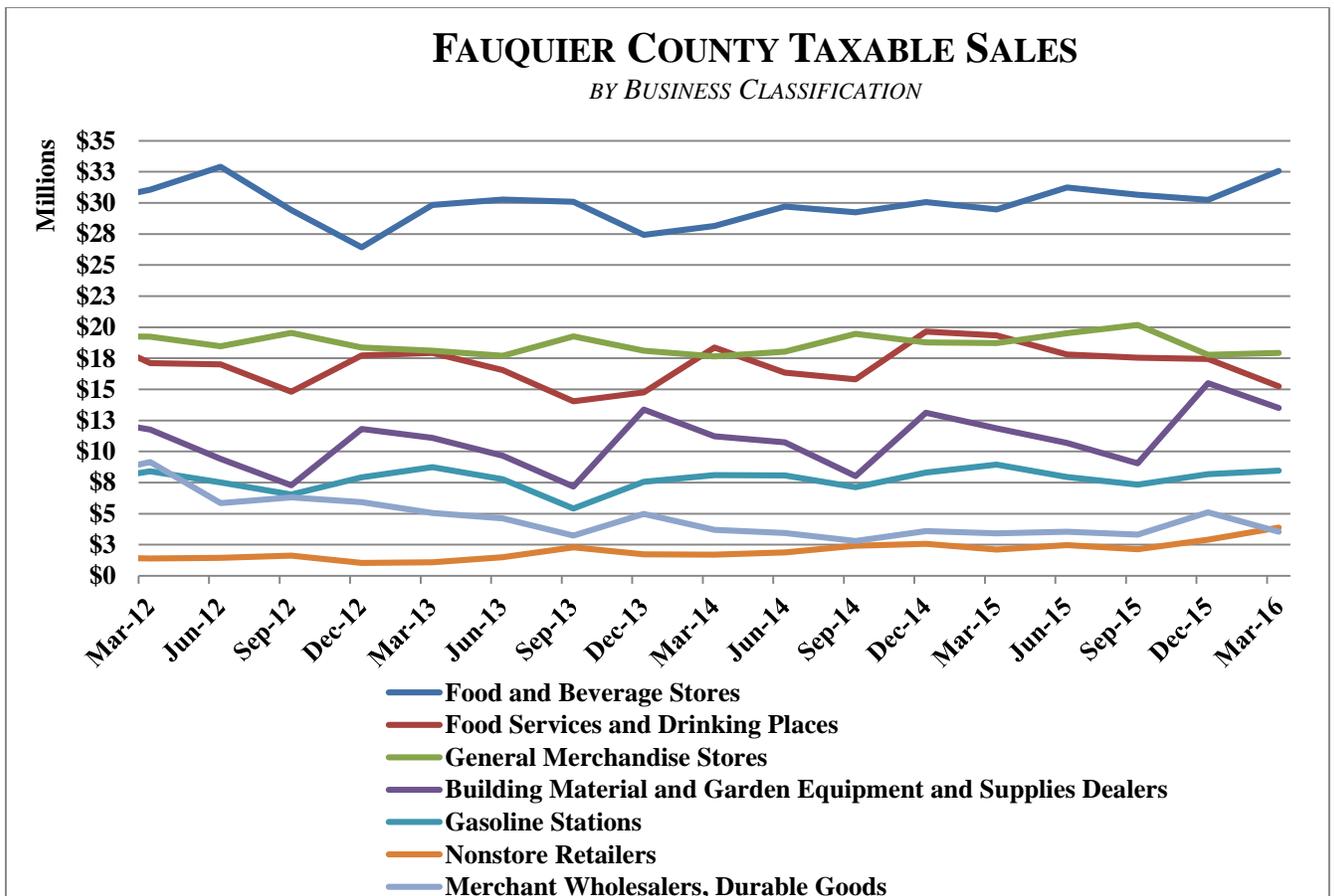
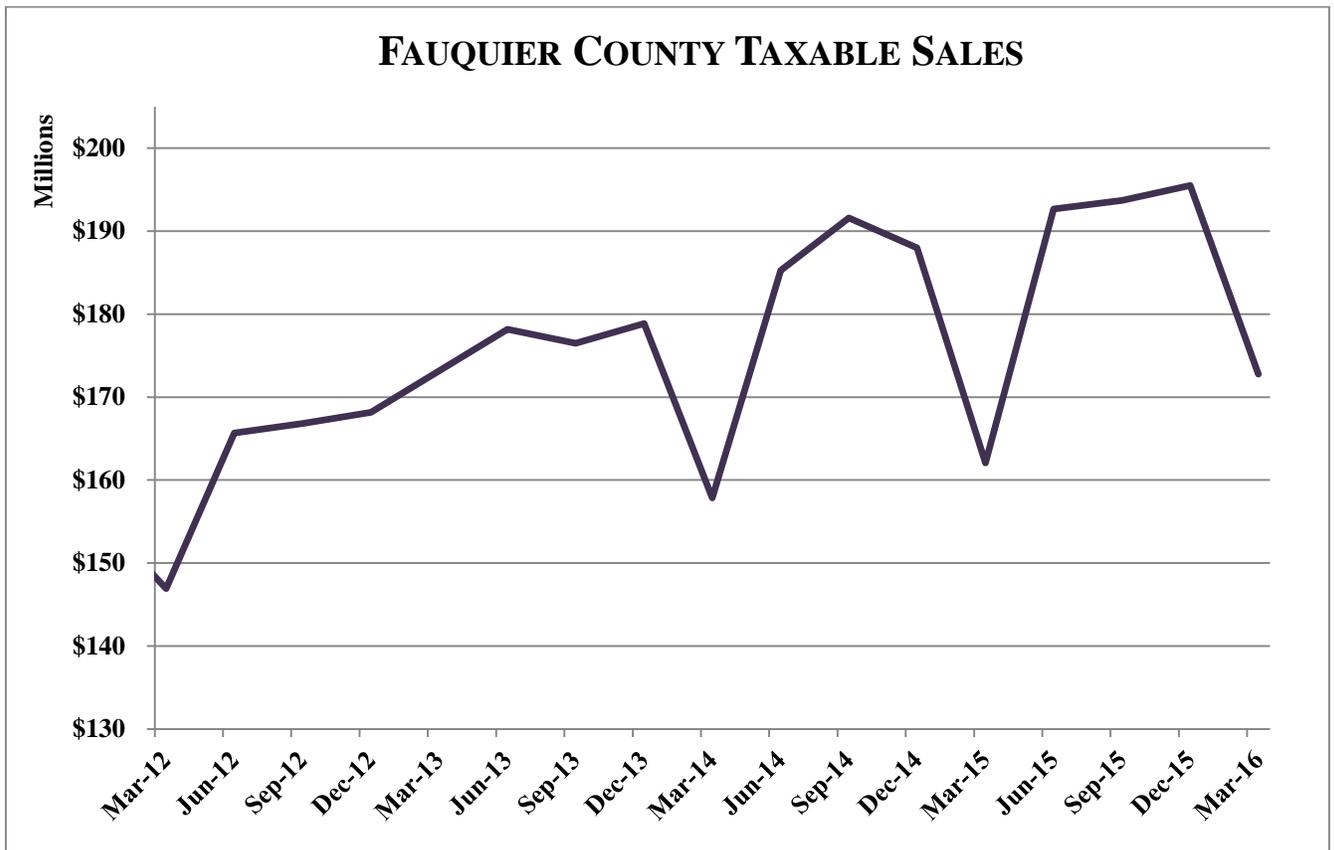
3. Taxable Sales

The following graphs provide data trends of taxable sales relative to the County, the State, and other local jurisdictions including:

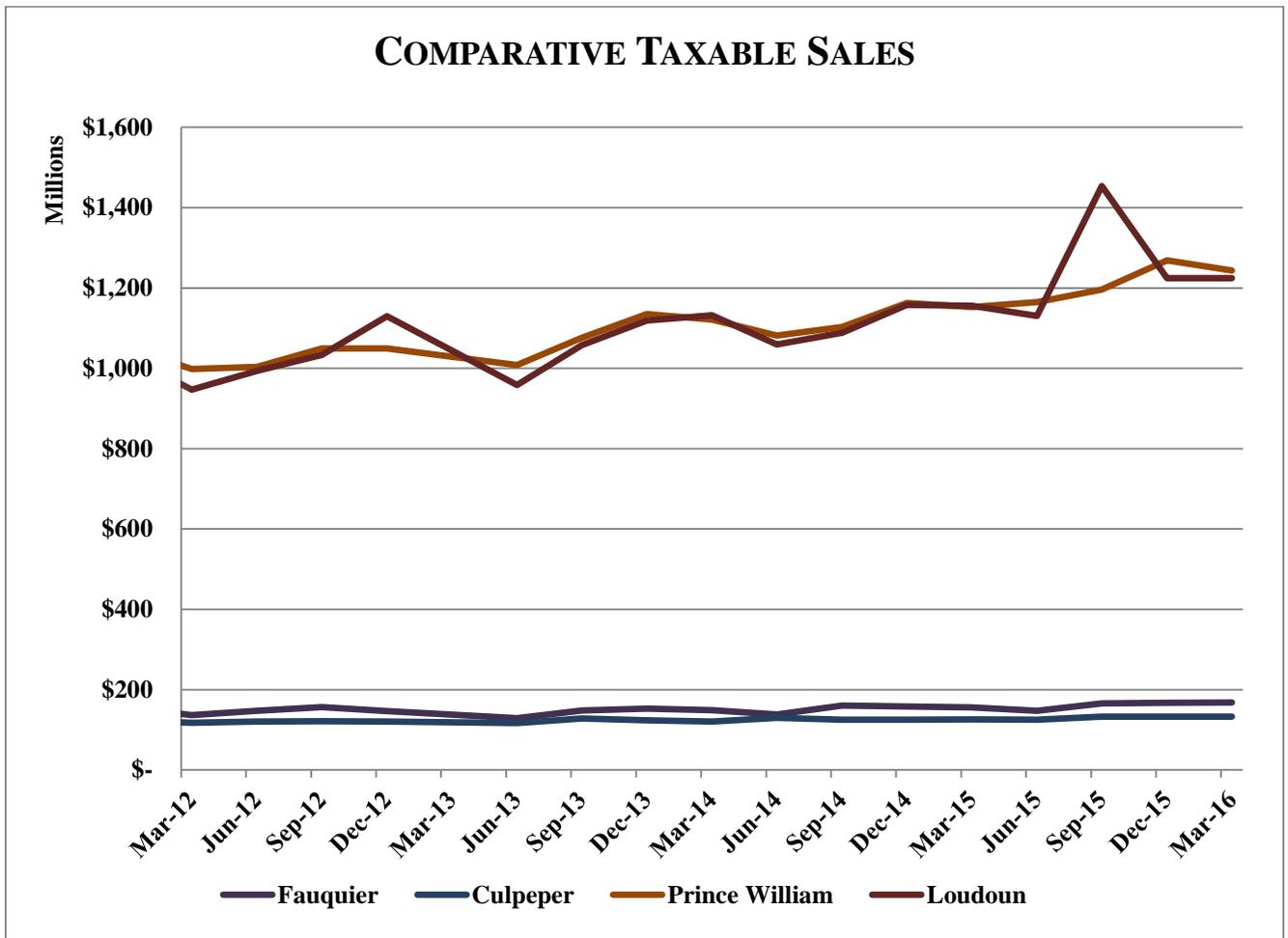
- Virginia statewide taxable sales;
- Fauquier County taxable sales;
- Fauquier County total taxable sales for business classifications with sales in excess of \$10 million at the beginning or end of the recession; and
- Fauquier County taxable sales in comparison to Prince William, Loudoun, and Culpeper Counties.

During the third quarter of FY 2016, the County saw a 7% increase as compared to the same period in FY 2015. While merchant wholesalers declined by 14% in the third quarter of FY 2016, sales in general merchandise stores increase by almost 4%. Overall, the County's taxable sales continue to experience positive growth, with seasonal fluctuation.





Note: Categories displayed only represent those classifications that had \$10 million or more in monthly sales prior to the recession. Source: Weldon Cooper Center for Public Service, UVA.



Source: Weldon Cooper Center for Public Service, UVA.