

Fauquier County Economic Indicators



December 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.

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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 increased by 6% at the end of the second quarter of FY 2017 as compared to the same time period last year. Overall fees are experiencing a positive trend with year-over-year increases.
Community Development	Building & New Residential Construction Permits	-	While permitting volume experienced a 14.8% increase at the end of the second quarter of FY 2017, new construction permits saw a decrease of 18% at the end of the second quarter of FY 2017 as compared to last fiscal year, due in large part to the issuance of permits for a multi-dwelling structure. Thus far FY 2017 permitting is on track with previous years. Construction value of permits saw an increase of 9.3%, and the total permitting revenue continues to increase year-over-year.
Employment	Unemployment Rate		The current unemployment levels are significantly below the County's ten and five-year averages of 4.2% (2005-2015) and 5.0% (2010-2015). The County's unemployment rate was 3.2% as of December 2016, down slightly from the same time last fiscal year and ranked 13 th lowest overall. Overall, the County's unemployment levels have stabilized to pre-recession levels.
Employment	Unemployment Insurance Claims		Continued and initial unemployment insurance claims continue to decline, with only seasonal fluctuation.
Local Revenue	County Sales Tax Collections		Similar to last year, the County sales tax collections continue to experience more normalized increases. While the County experienced a 7.9% increase in the first two quarters of FY 2017 as compared to the same period in FY 2016, that increase is attributed in large part to a one-time payment. The region continues to experience positive growth, while the State has experienced trends slightly less than projected.
Residential Housing Market	Days Houses are on Market		At the end of the second quarter of FY 2017, while the average days on the market decreased by almost 20% as compared to the same time period in FY 2016, the number of units sold went down by approximately 6%, similar to the rest of the region.
Residential Housing Market	Median Sales Price		Median home sale values decreased by approximately 10% at the end of the second quarter of FY 2017 as compared to the same time period in FY 2016, tracking slightly lower than fluctuation in previous years.
Residential Housing Market	Number of Homes Sold	-	The number of home sales saw a slight decrease of 6% at the end of the second quarter of FY 2017, as compared to the same period in FY 2016, in line with normal seasonal fluctuation, as well as the rest of the region.

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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 2016 increased 2.5% from FY 2015, showing a positive trend, following yearly fluctuation in previous years.
Businesses	Number of Start-up Firms	↑	Significant seasonal fluctuation remains, and the estimated number of start-up firms saw a 4% increase overall in CY 2015 as compared to the previous year.
Residential Housing Market	Foreclosures by Loan Type	-	Throughout 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.

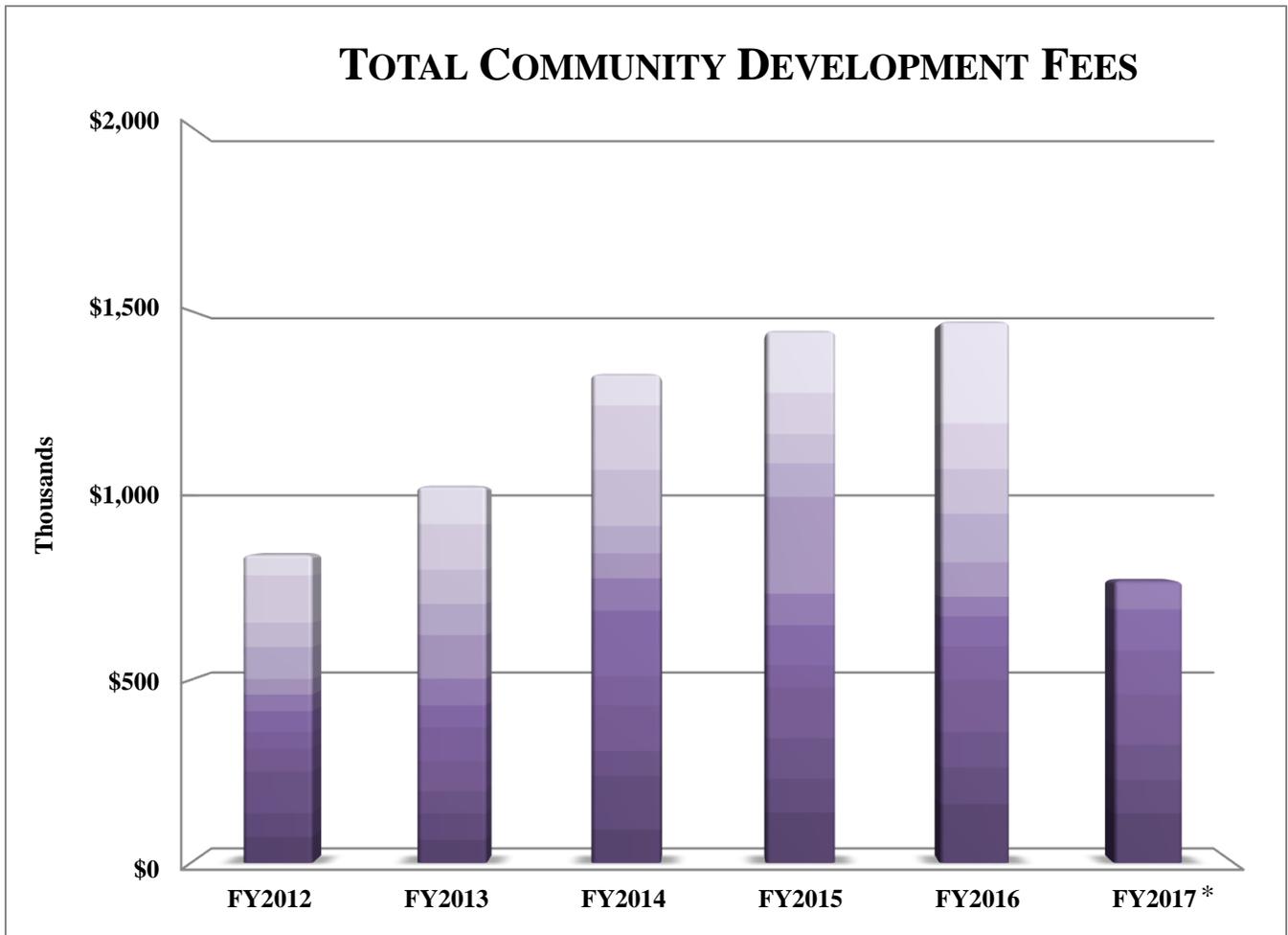
III. Economic Indicators – Data

A. Current Economic Indicators Data

1. Community Development

a) Community Development Fees

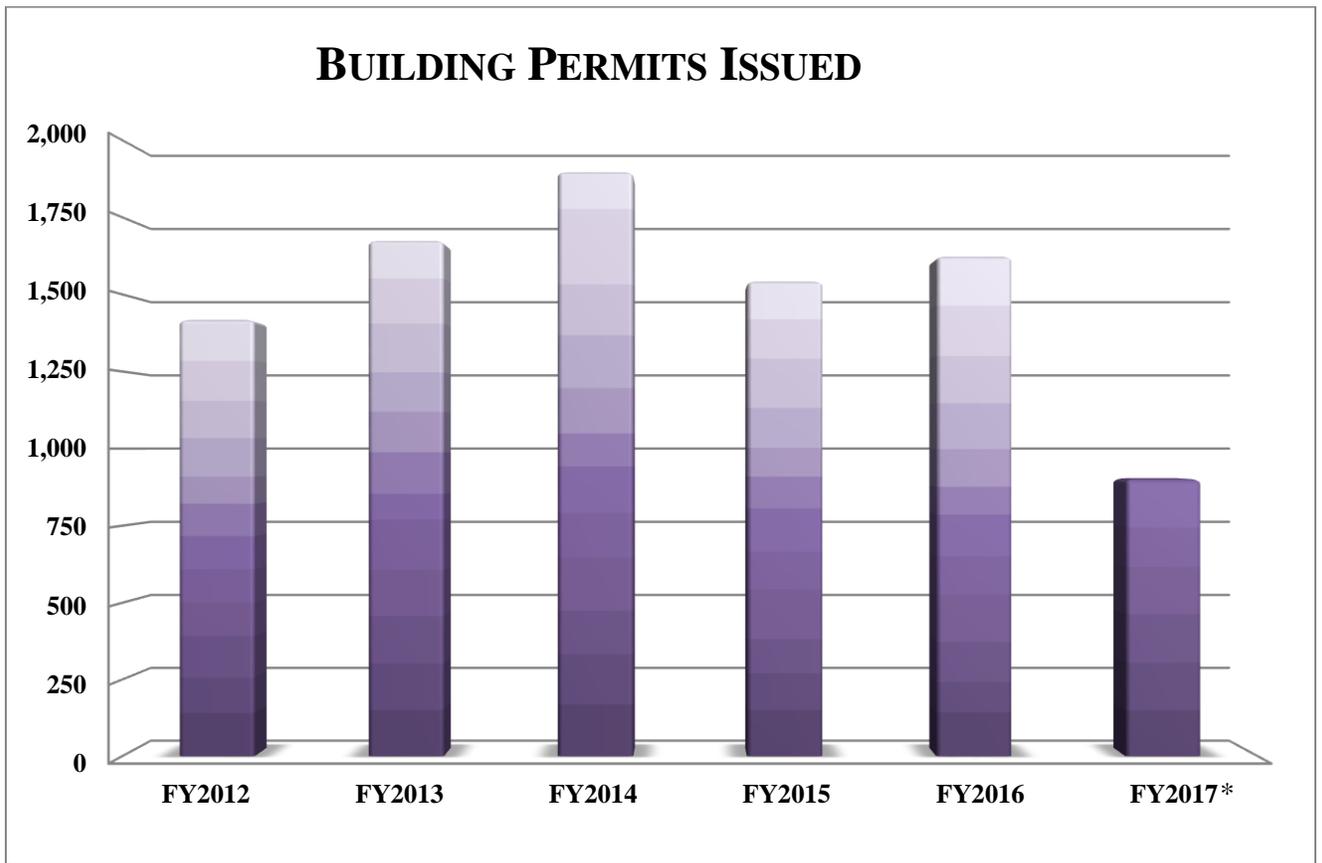
At the end of the second quarter of FY 2017, Community Development Fee revenue experienced a 6% increase over the same period in FY 2016, consistent with recent years. Permitting volume saw a 14.8% increase at the end of the second quarter of FY 2017 as compared to the same period in FY 2016, and the level of construction value saw an increase of 9.3%, up from the 2% decrease last fiscal year.



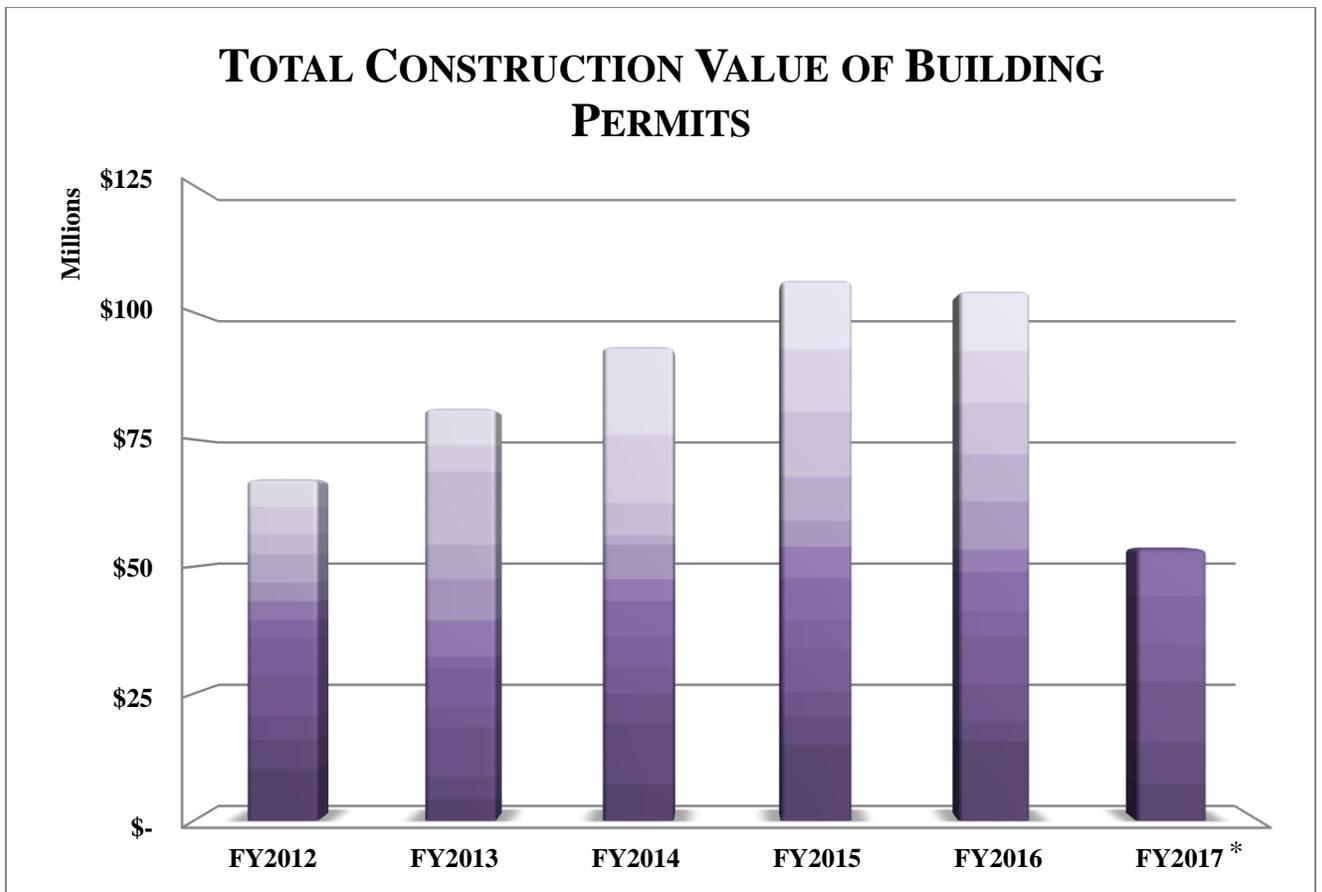
Source: Community Development. *FY 2017 includes data as of December 31, 2016.

b) Building Permits

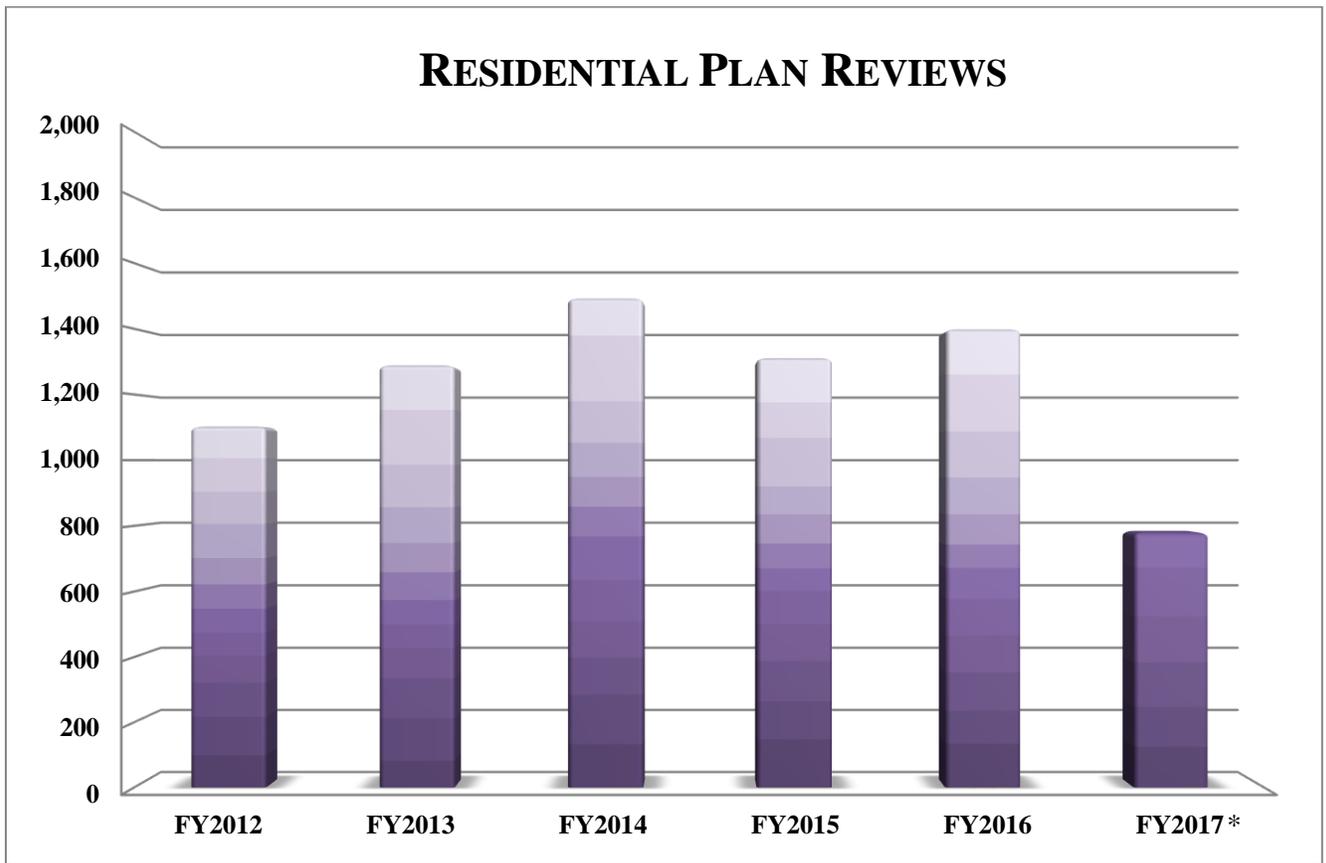
Building permits issued increased by 14.8% at the end of the second quarter of FY 2017 compared to the same period in FY 2016, while new residential construction permits saw a decrease of 18%. The decrease in construction permits is due in part to the effects of multi-dwelling structure permits issued at the beginning of FY 2016. While the value of building permits saw a slight decrease of 2%, overall the number of permits and plan reviews is experiencing an upward trend.



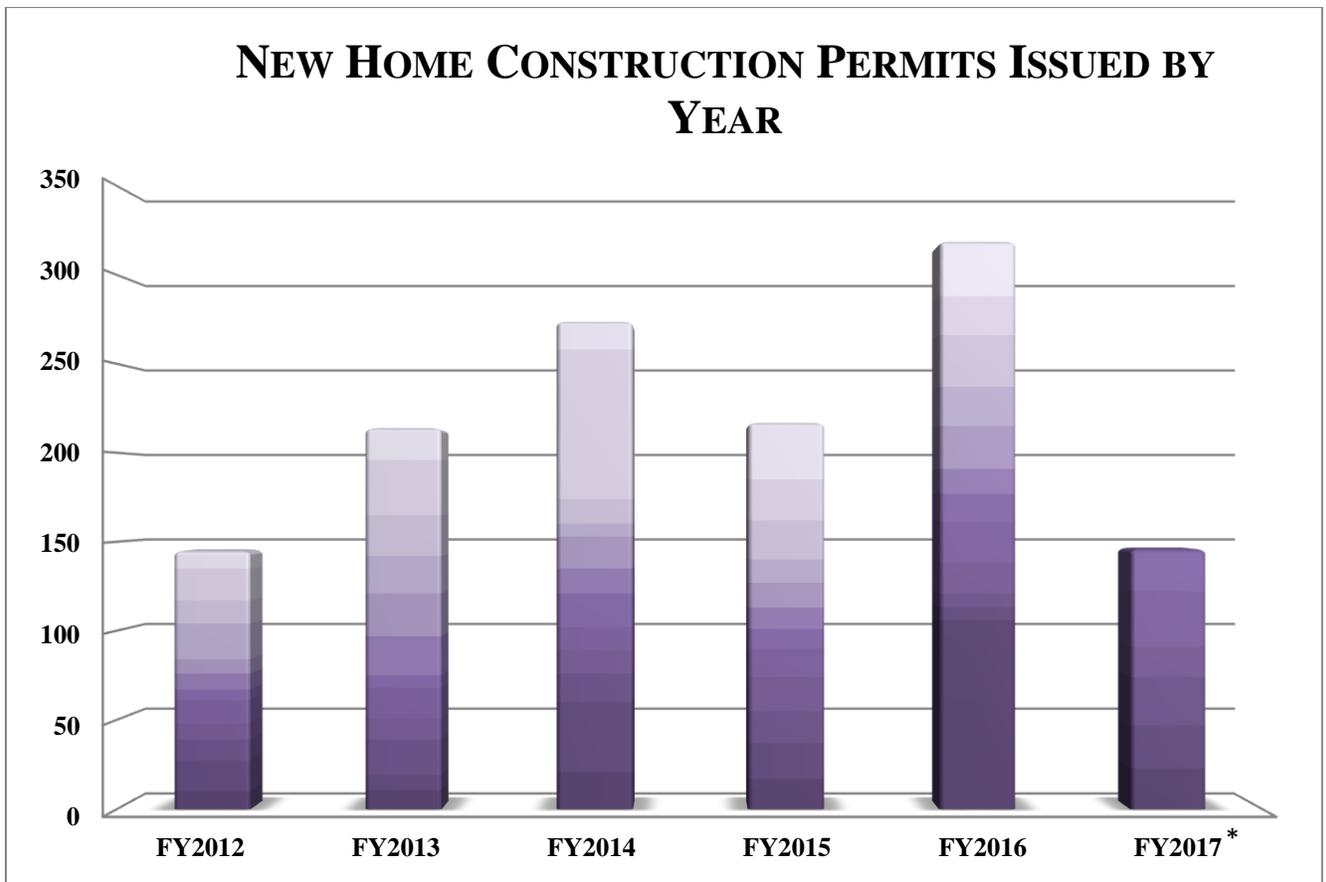
*FY 2017 includes data as of December 31, 2016.



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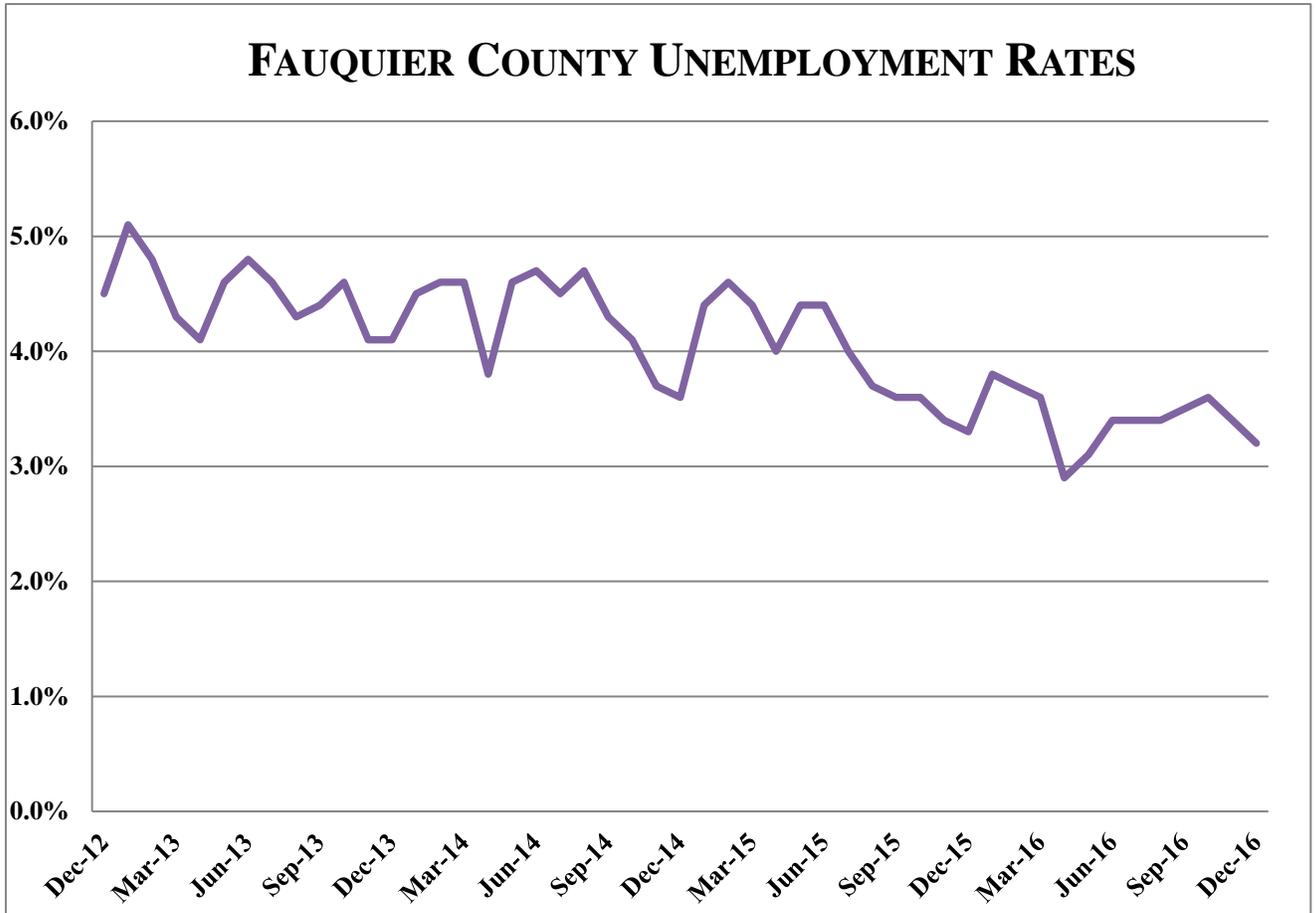


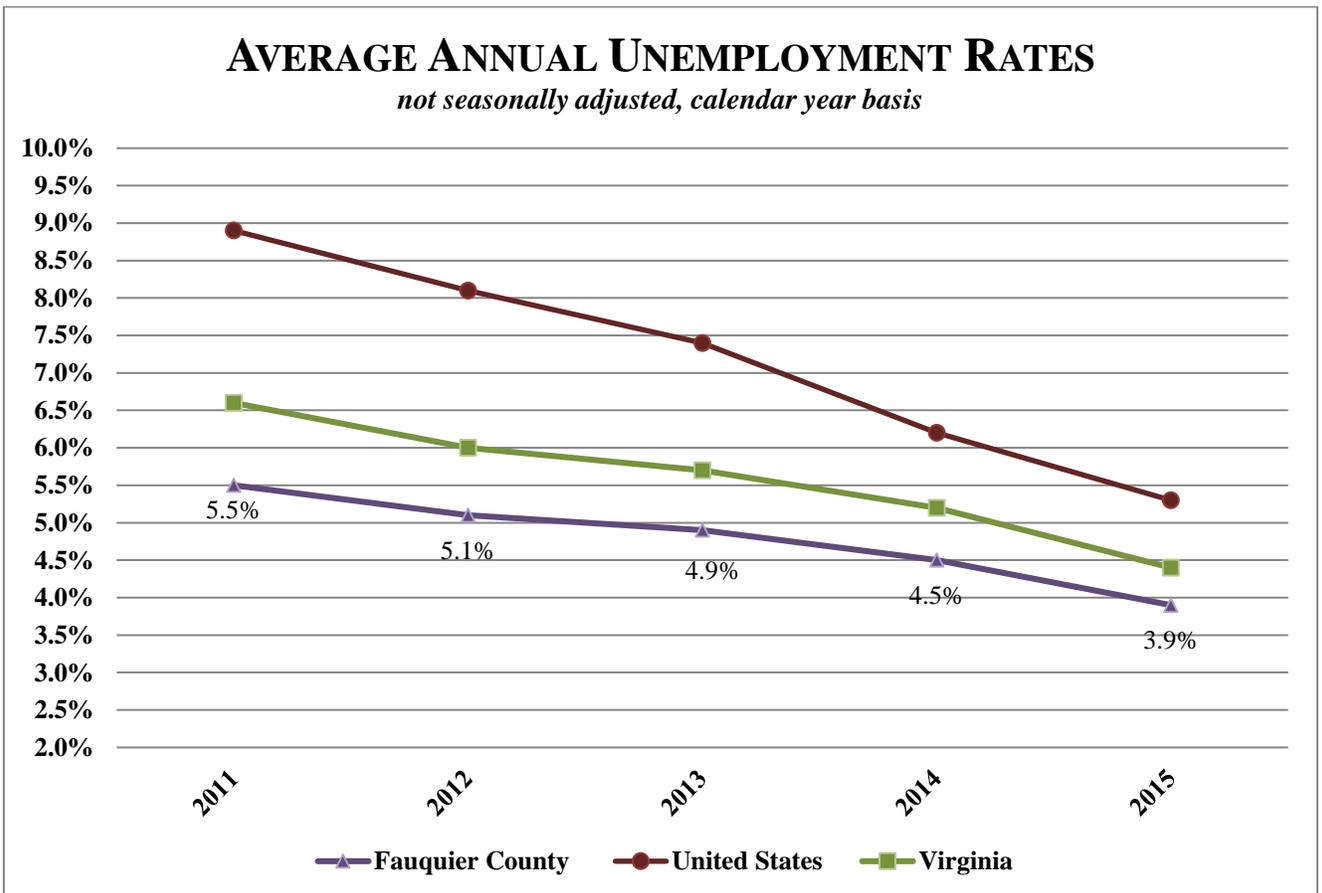
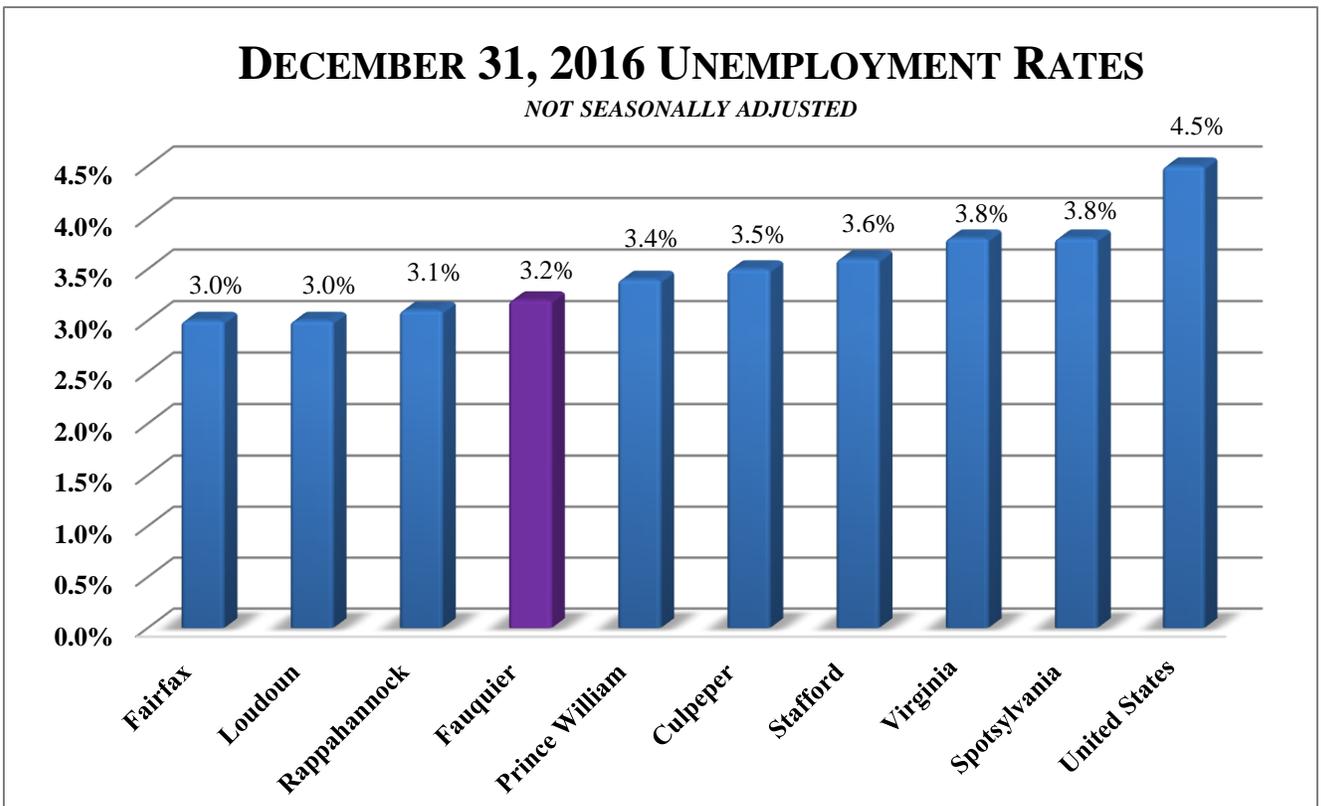
*FY 2017 includes data as of December 31, 2016.

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 December 2016 unemployment rate of 3.2% trails Fairfax, Loudoun, and Rappahannock; and leads Prince William, Culpeper, Stafford, and Spotsylvania. Overall for the Commonwealth, Fauquier County ranked 13th behind other localities such as Arlington, Falls Church City, Fairfax City, Alexandria City, Madison, and Albemarle.

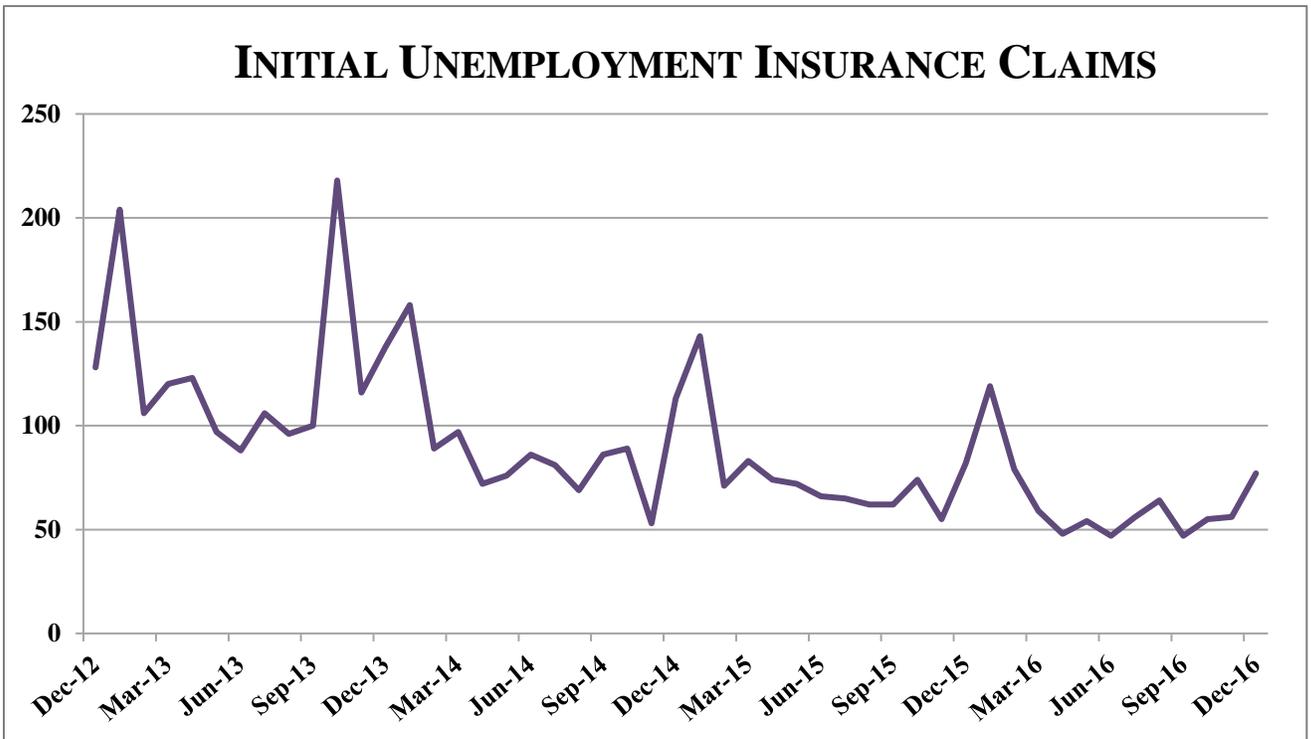
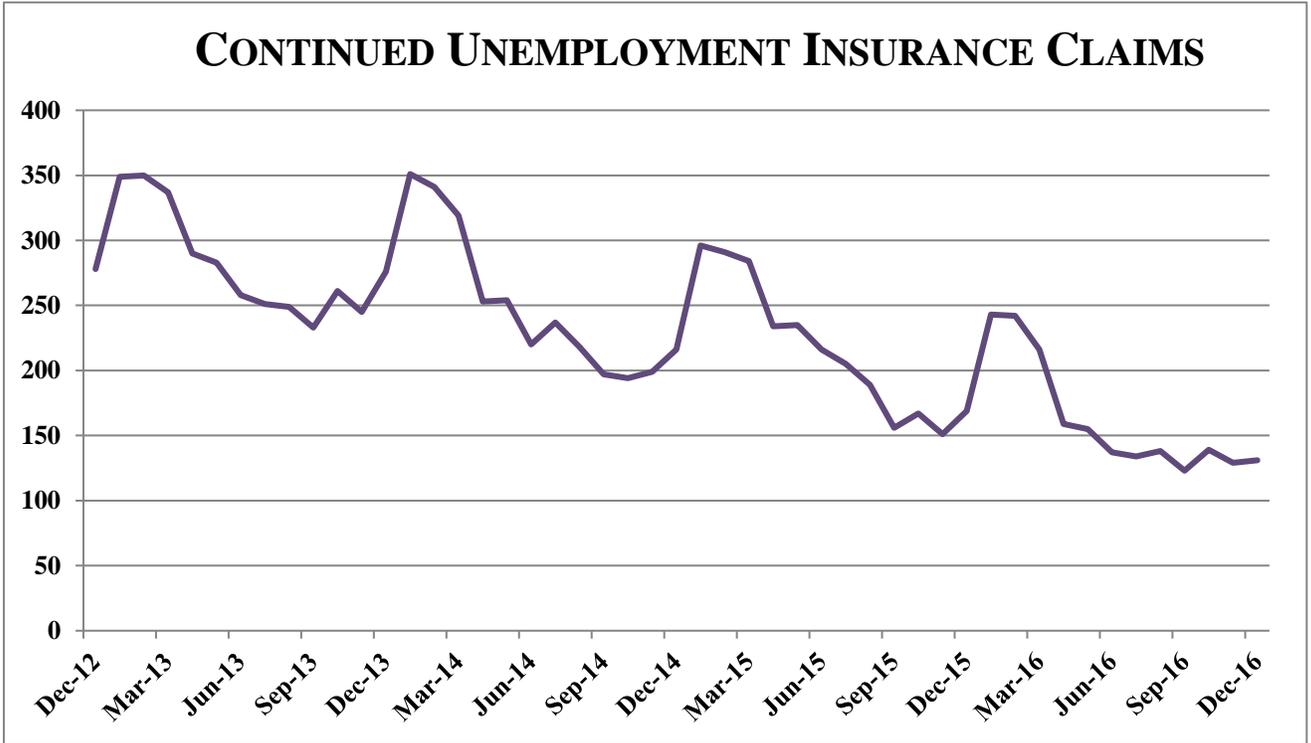




Source: Virginia Employment Commission. FY 2016 data available after 1st Quarter, CY 2017.

b) Unemployment Insurance Claims

Continued unemployment insurance claims and initial unemployment claims continued to decrease in the first half of FY 2017, consistent with seasonal fluctuation but at a lower rate of change. Continued unemployment insurance claims decreased over 23% during the first half of FY 2017 as compared to the same period in FY 2016, and initial unemployment claims decreased by approximately 11% during the same time period.



Source: Virginia Employment Commission

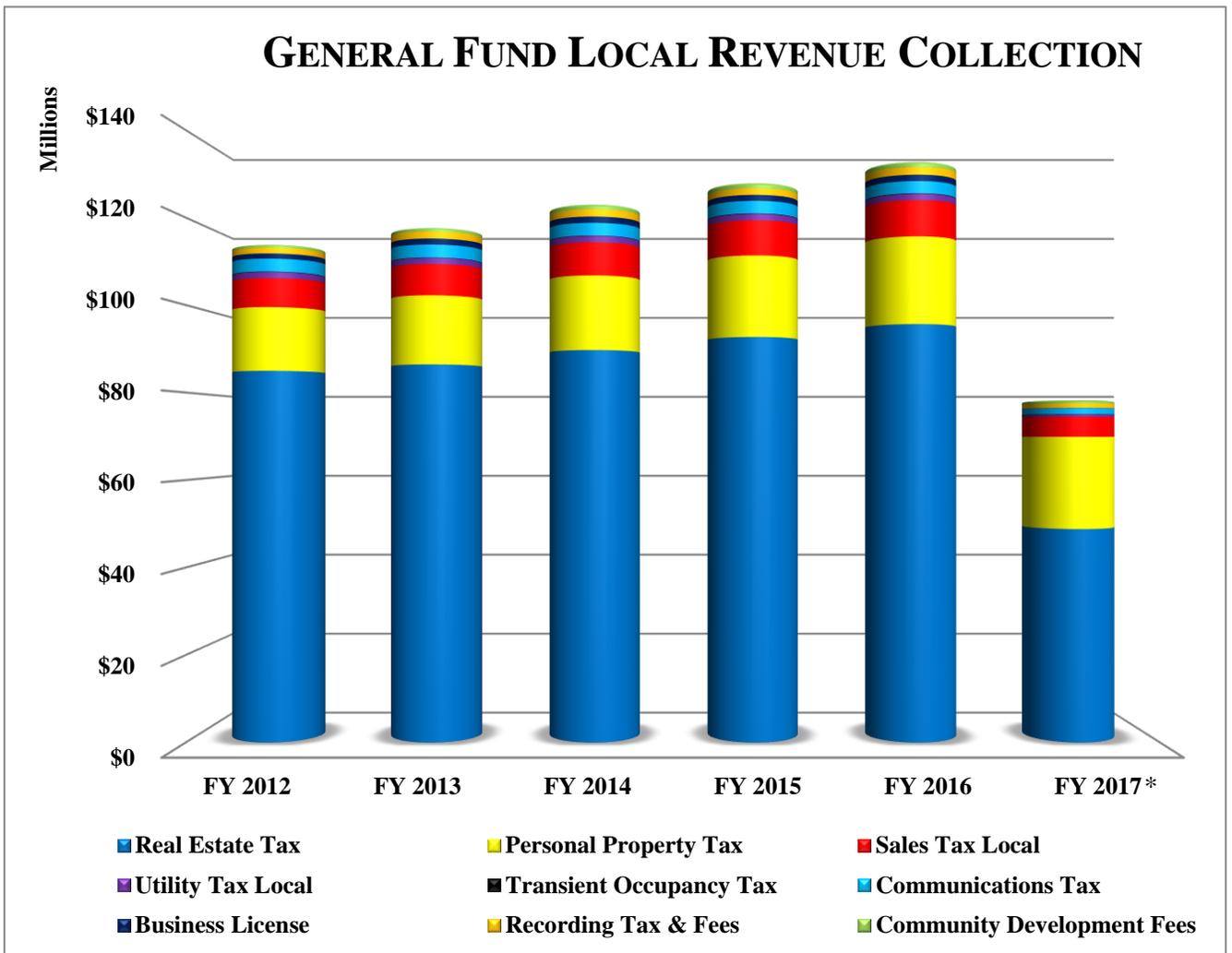
3. Local Revenues

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 second quarter of FY 2017, General Fund local revenues experienced significant growth in personal property and transient occupancy taxes, as compared to the first two quarters of FY 2016. The most significant increase was due to additions in the base assessment value of personal property from new business investments, equating to an approximate 5% increase, with continued positive growth as a result of new automobile purchases and maintained valuations.

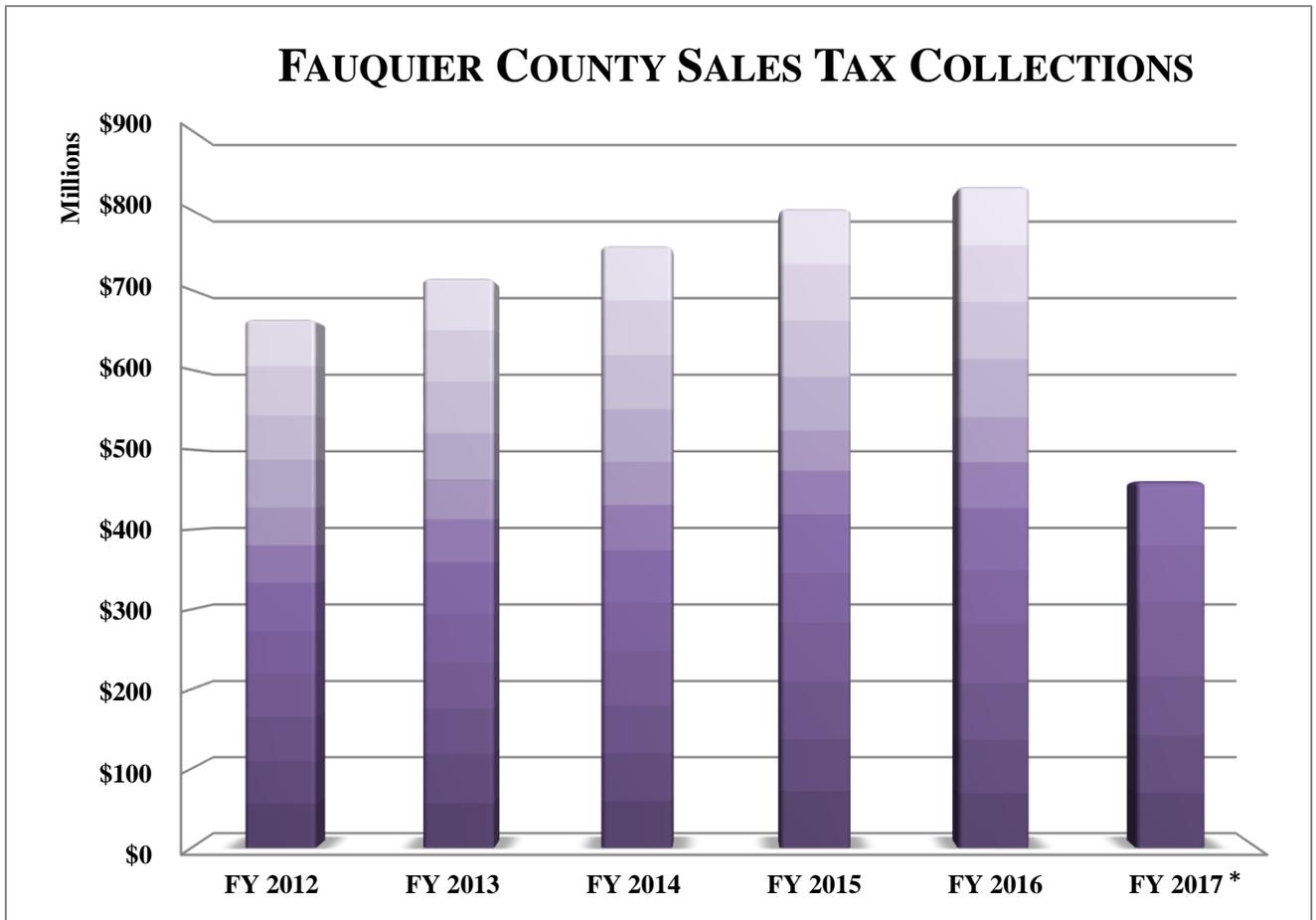
While Community Development fees experienced a slight decrease, sales taxes and recording taxes experienced increases during the first two quarters of FY 2017, as compared to the same period last year. Real Estate Tax growth is relative to both additions and improvements, as well as the increased overall real estate tax rate for TY 2016.



*FY 2017 includes data as of December 31, 2016.

b) Sales Tax Revenue

Monthly sales tax collections saw a 7.9% increase in the first two quarters of FY 2017 as compared to the same period in FY 2016. This upward trend during the first half of the fiscal year can be attributed in large part to a one-time payment for public service equipment at the beginning of the second quarter. Considering that anomaly, and when adjusted for the one-time payment, the increase is 3.8%, trending at a more normalized rate of growth, similar to last year. However, it remains in line with the rest of the region and outpaces the State's annual growth trend.



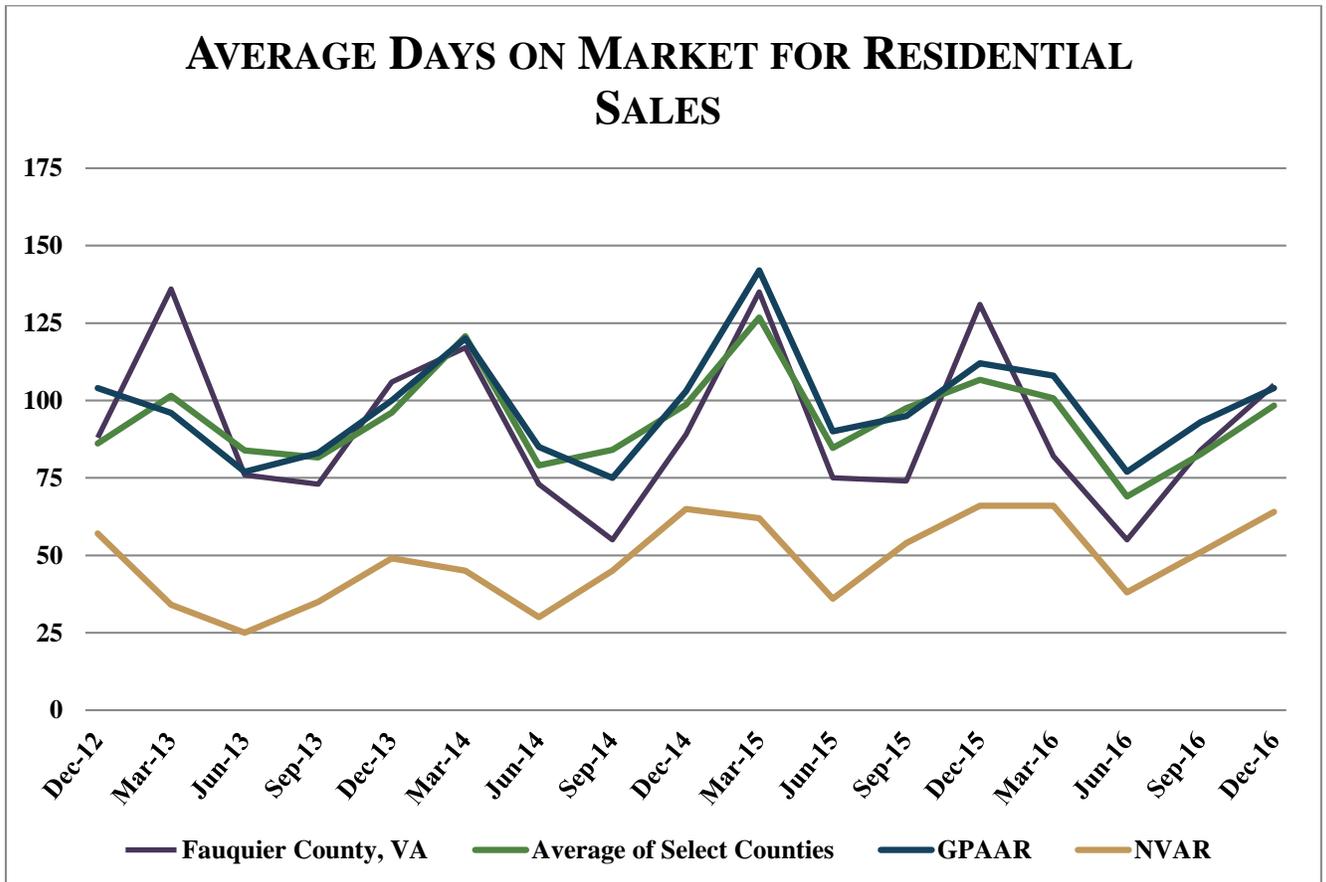
*FY 2017 includes data as of December 31, 2016.

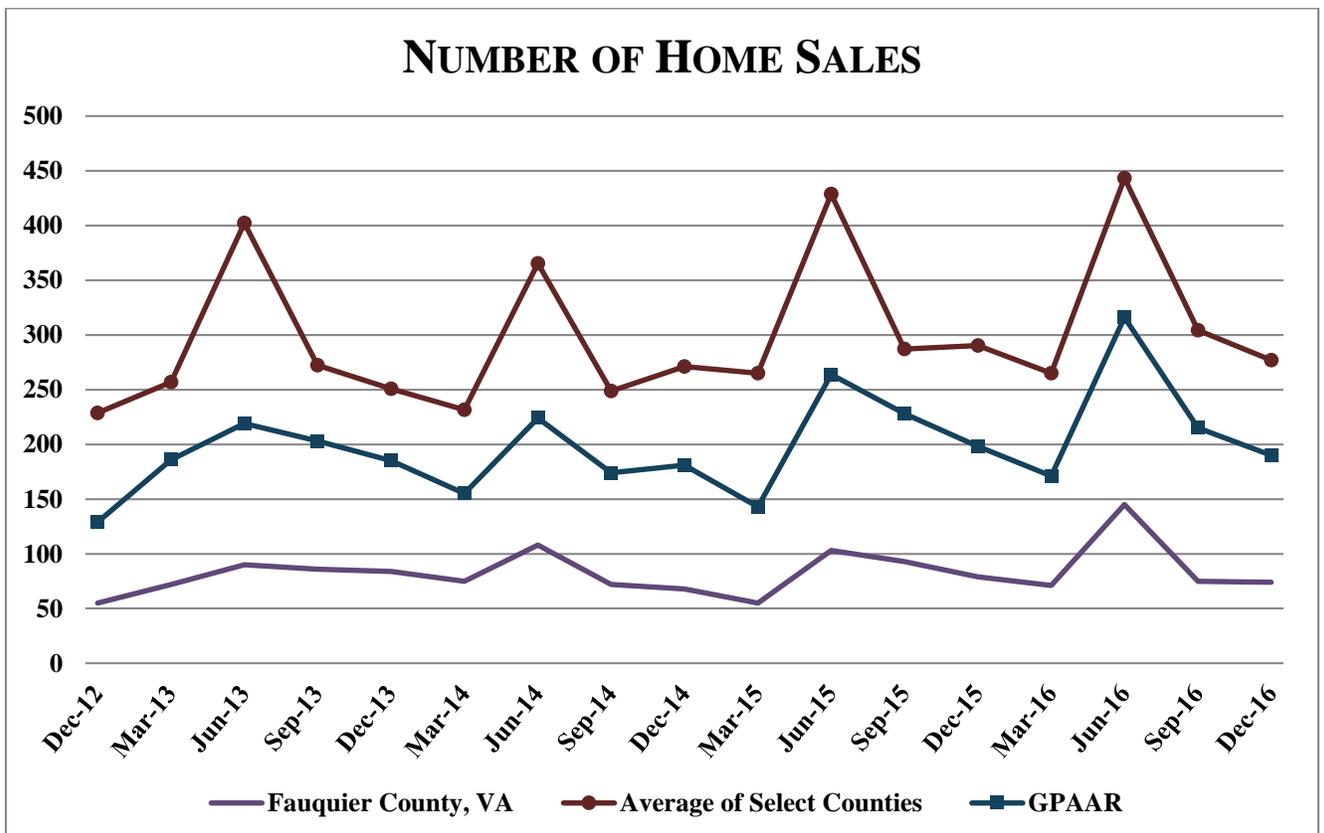
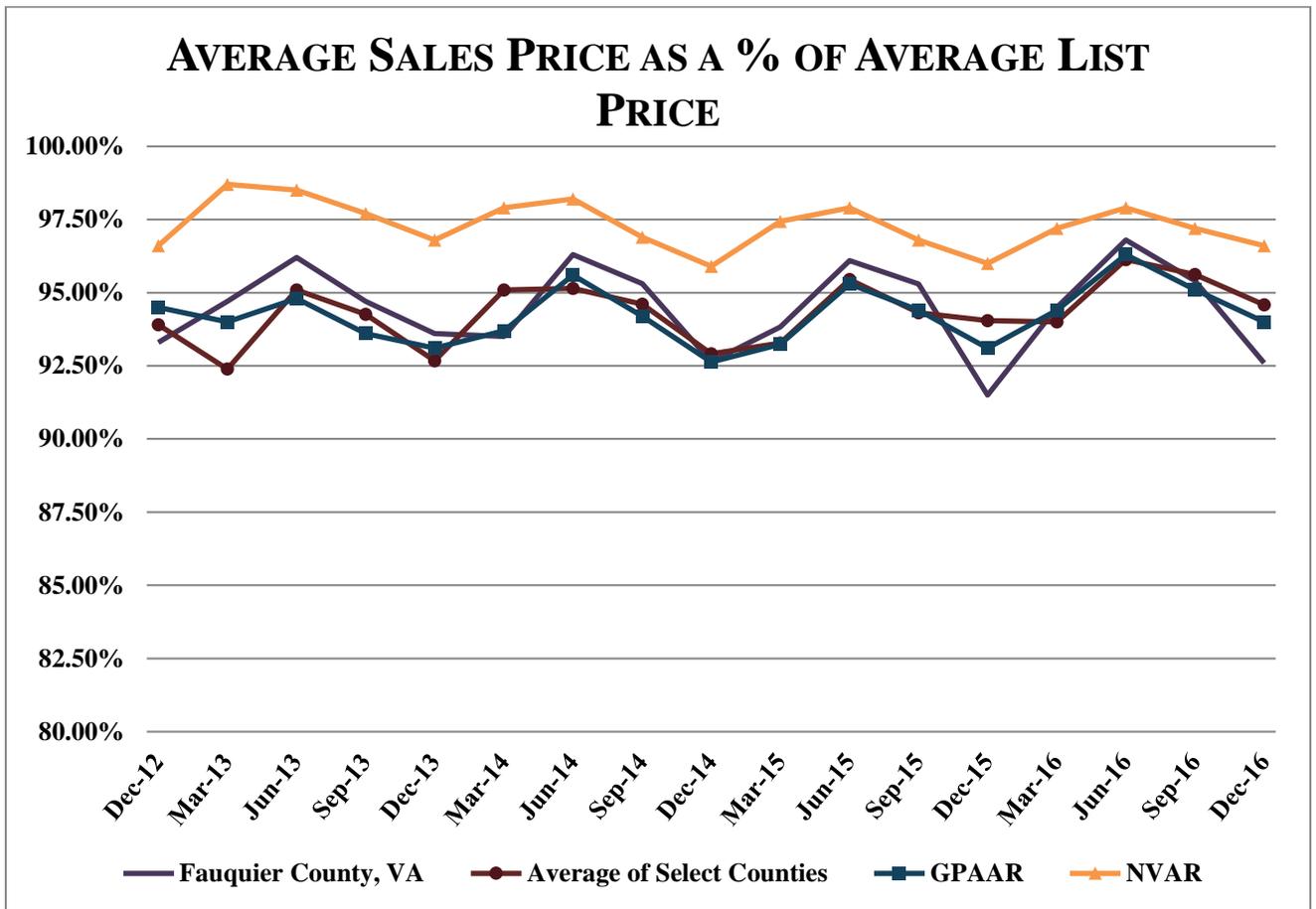
4. Residential Housing Market – Current Data

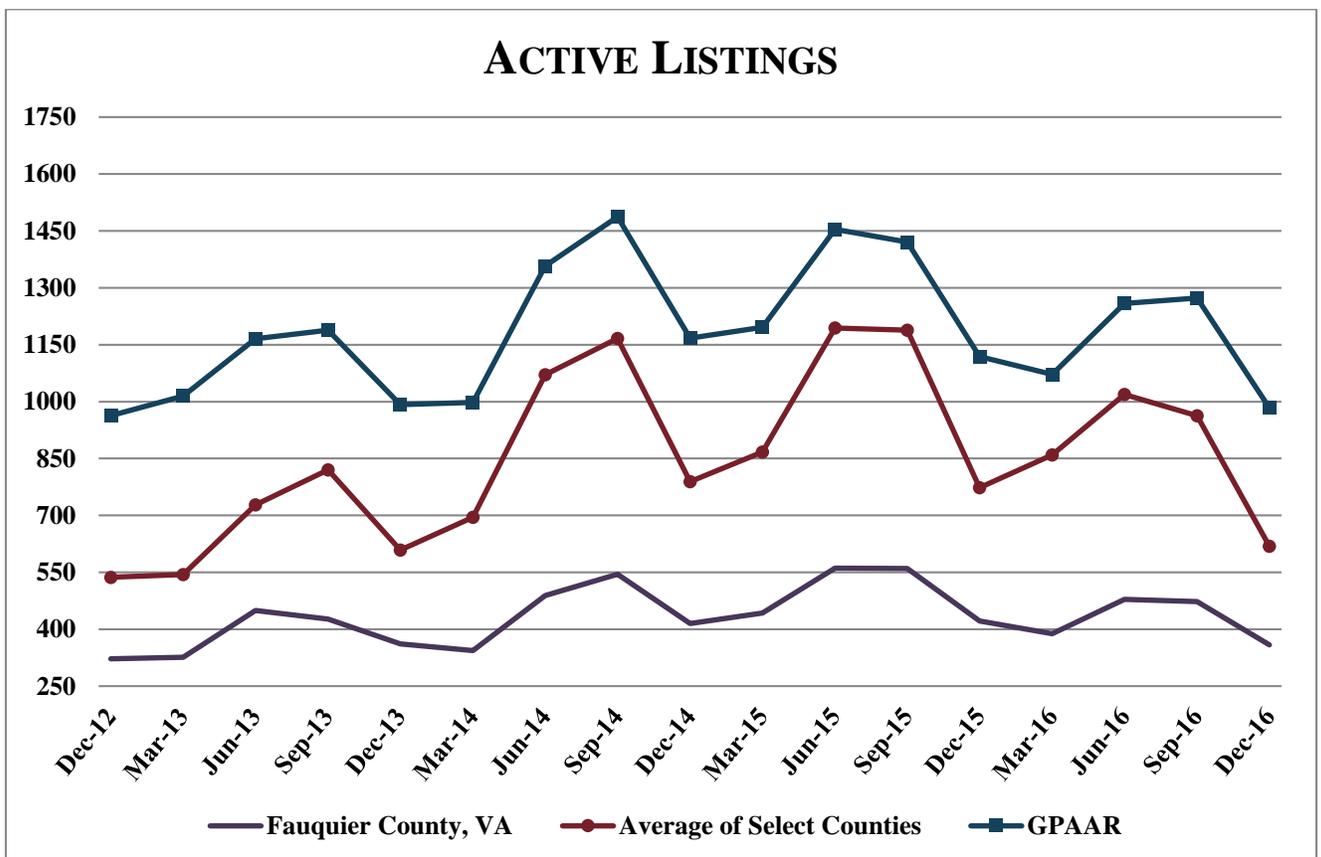
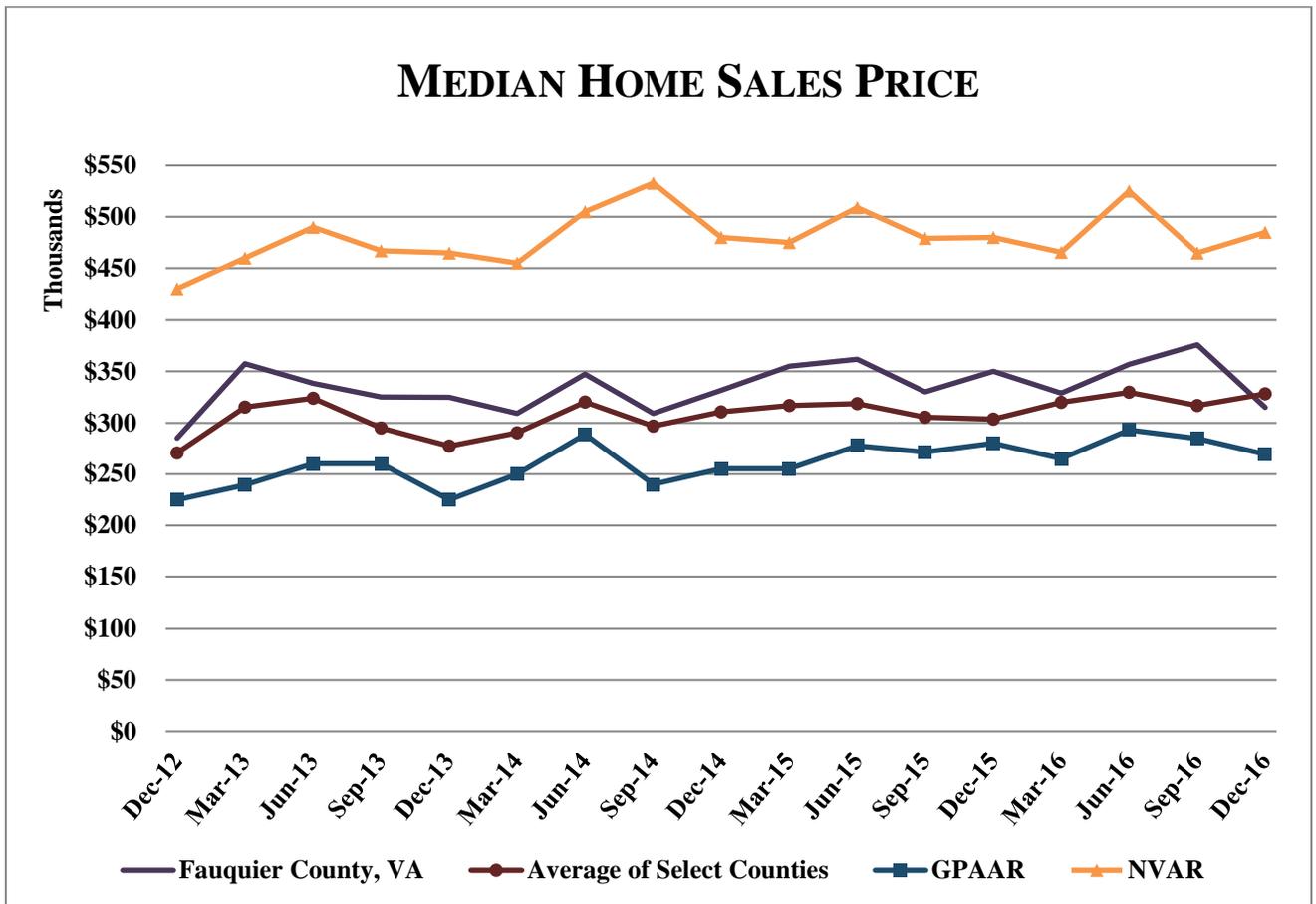
The following charts provide data on various characteristics of the local residential housing market. The graphs display data for Fauquier County, the Greater Piedmont Area Association of Realtors, Northern Virginia Association of Realtors, and/or an Average of select counties. The Greater Piedmont Area 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 has remained relatively stable through the first half of FY 2017, with only normal seasonal fluctuation. At the end of the second quarter of FY 2017, while the average days on market for sold homes increased from the previous quarter, average days saw an almost 20% decrease from the same time last year. The number of units sold and median sales prices only experienced decreases of approximately 6% and 10%, respectively, from the same time last fiscal year, similar to the rest of the region. The number of units sold has stayed relatively flat, with seasonal fluctuation.





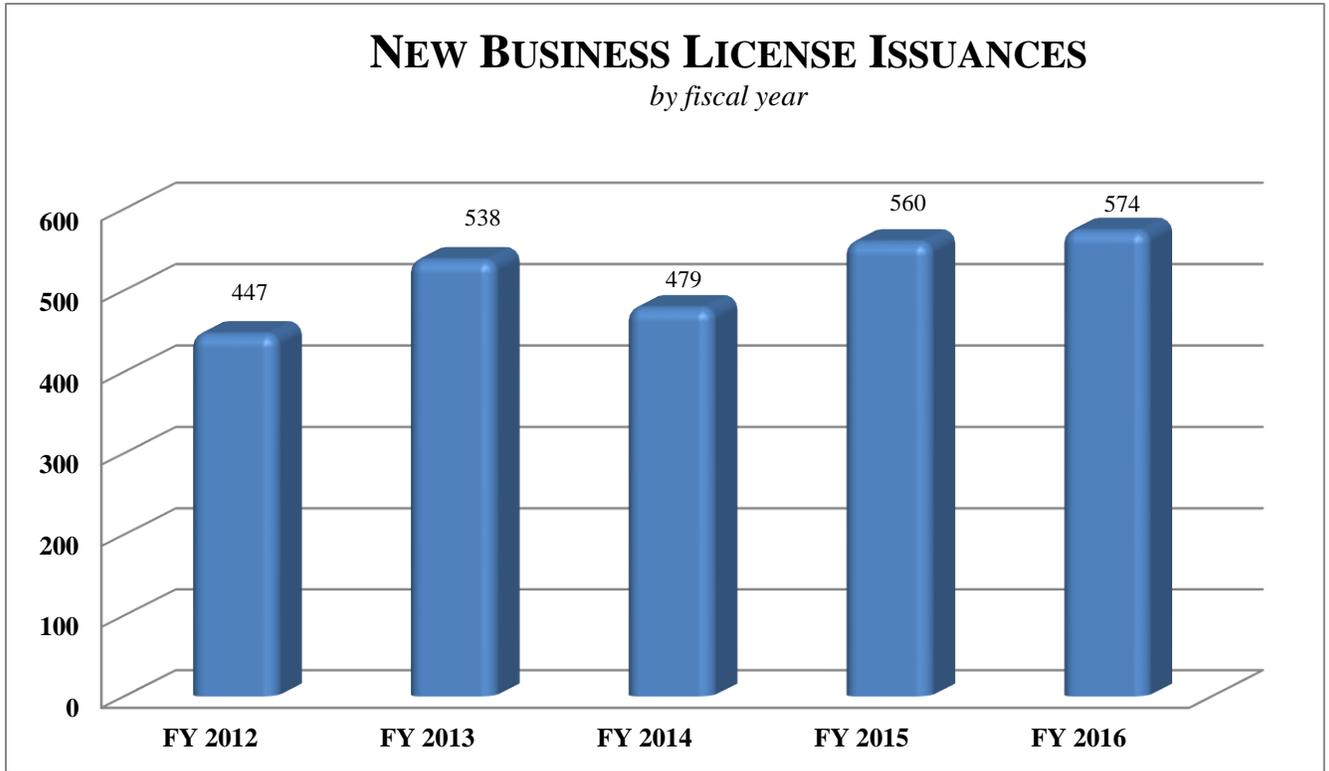


Source: Metropolitan Regional Information Systems, Inc. (MRIS)

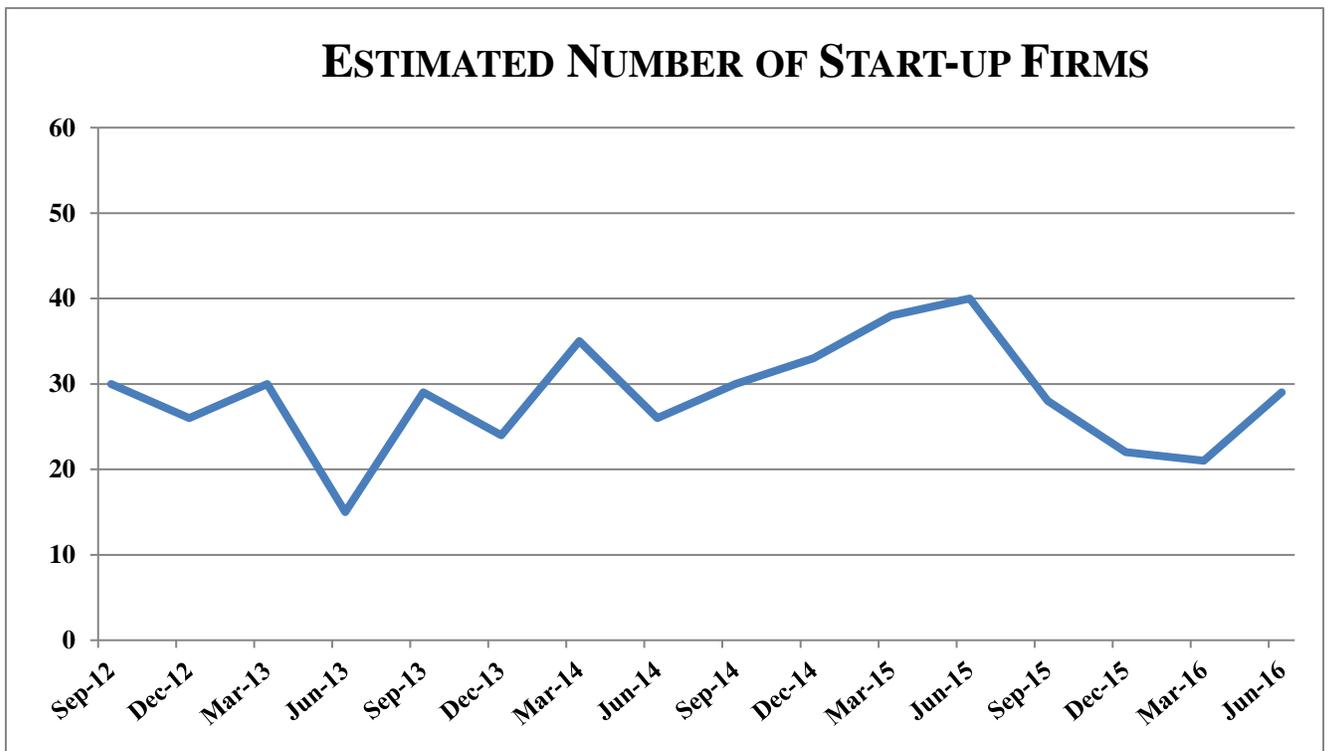
B. Historical Economic Indicators Data

1. Businesses

While in previous years the number of new licenses issued for businesses fluctuated year over year, the last two fiscal years have shown a positive trend, with a 2.5% increase in FY 2016 compared to FY 2015.



Source: Commissioner of the Revenue



Source: Virginia Employment Commission, as of September 31, 2016.

2. Residential Housing Market – Historical Data

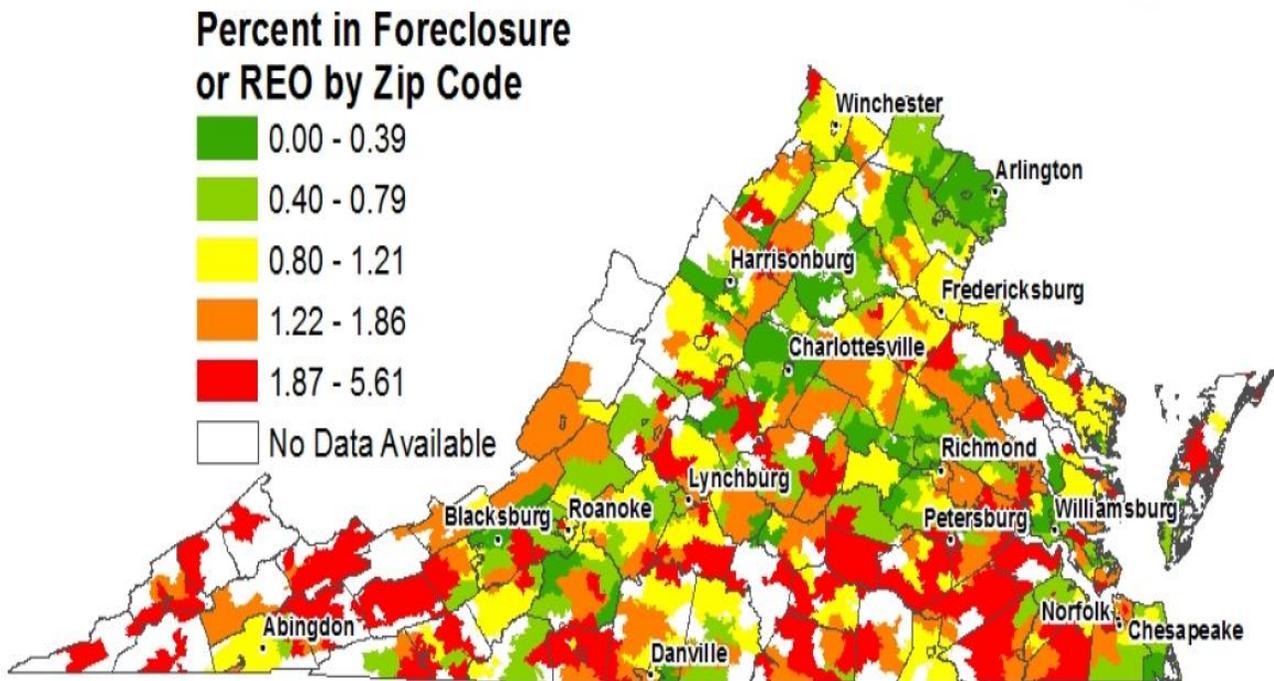
a) Residential Foreclosures and Delinquencies

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

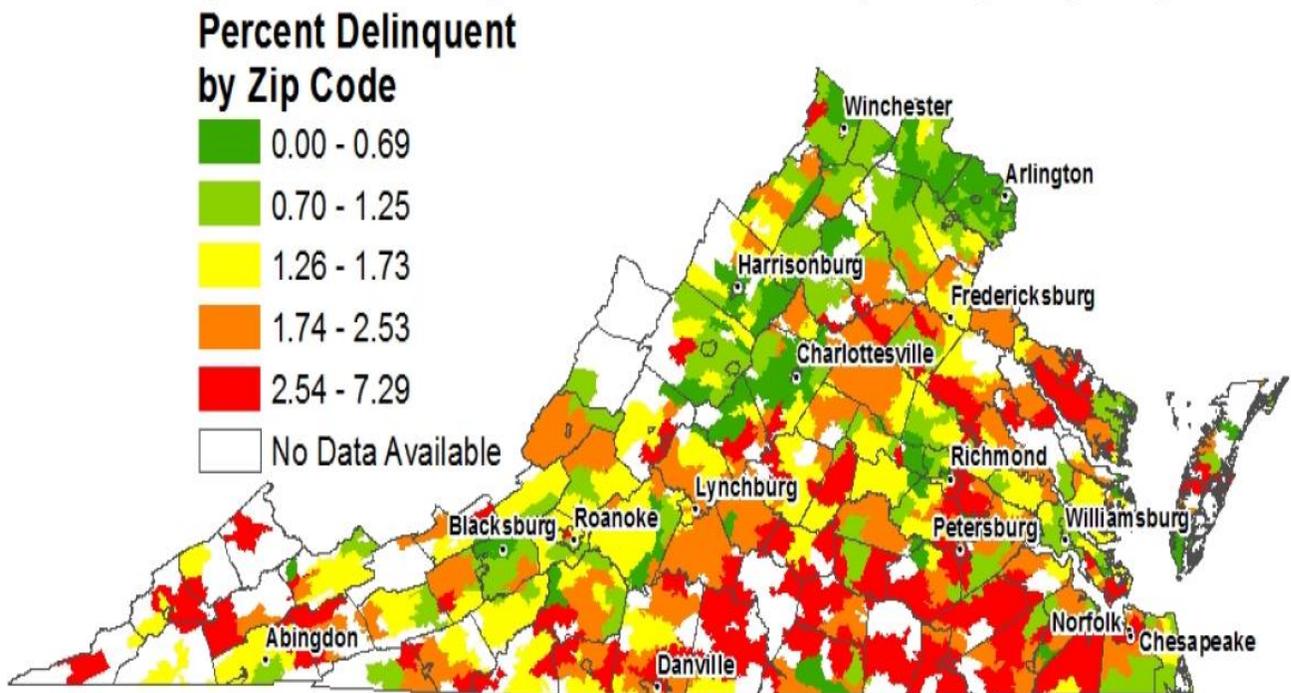
Percentage of Owner-Occupied Loans in Foreclosure or REO : Virginia



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 (December 2016)

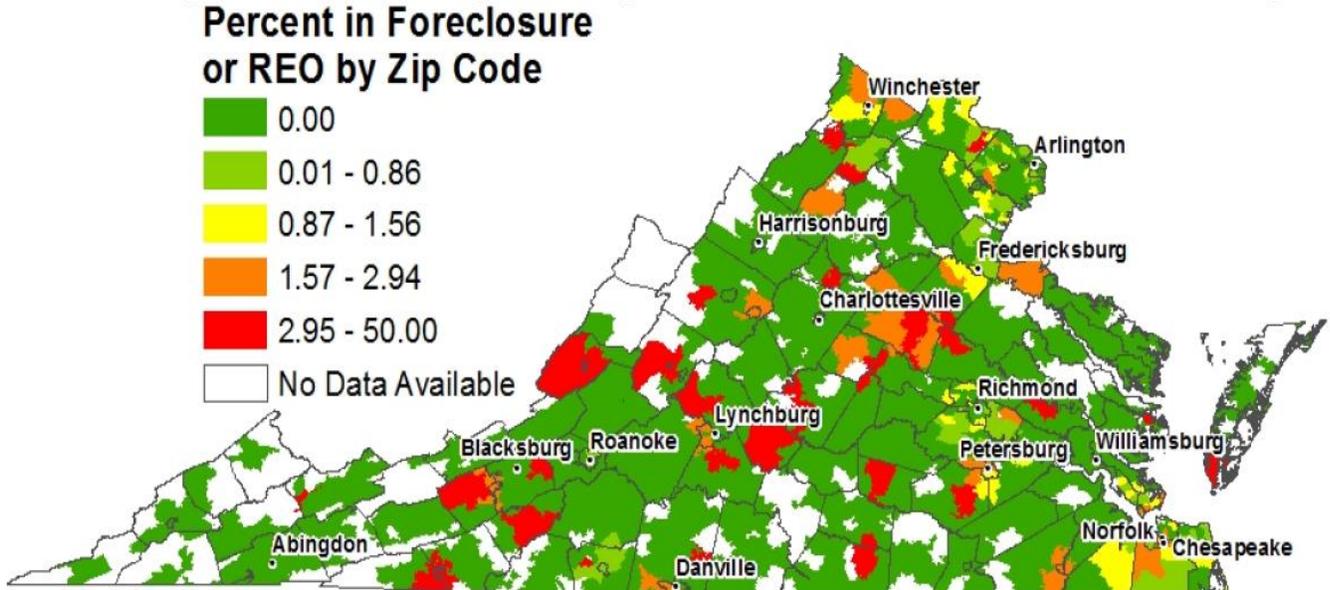
Percentage of Owner-Occupied Loans with 90+ Day Delinquency: Virginia



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 (December 2016)

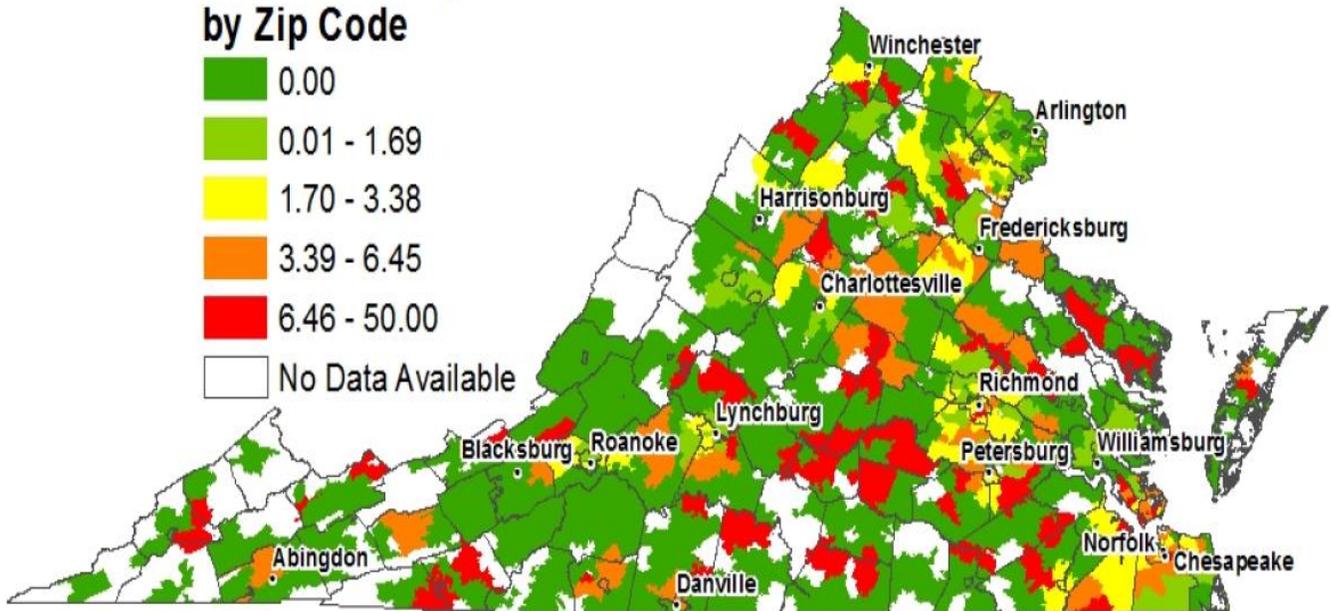
Percentage of Owner-Occupied Subprime Loans in Foreclosure or REO: Virginia



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 (December 2016)

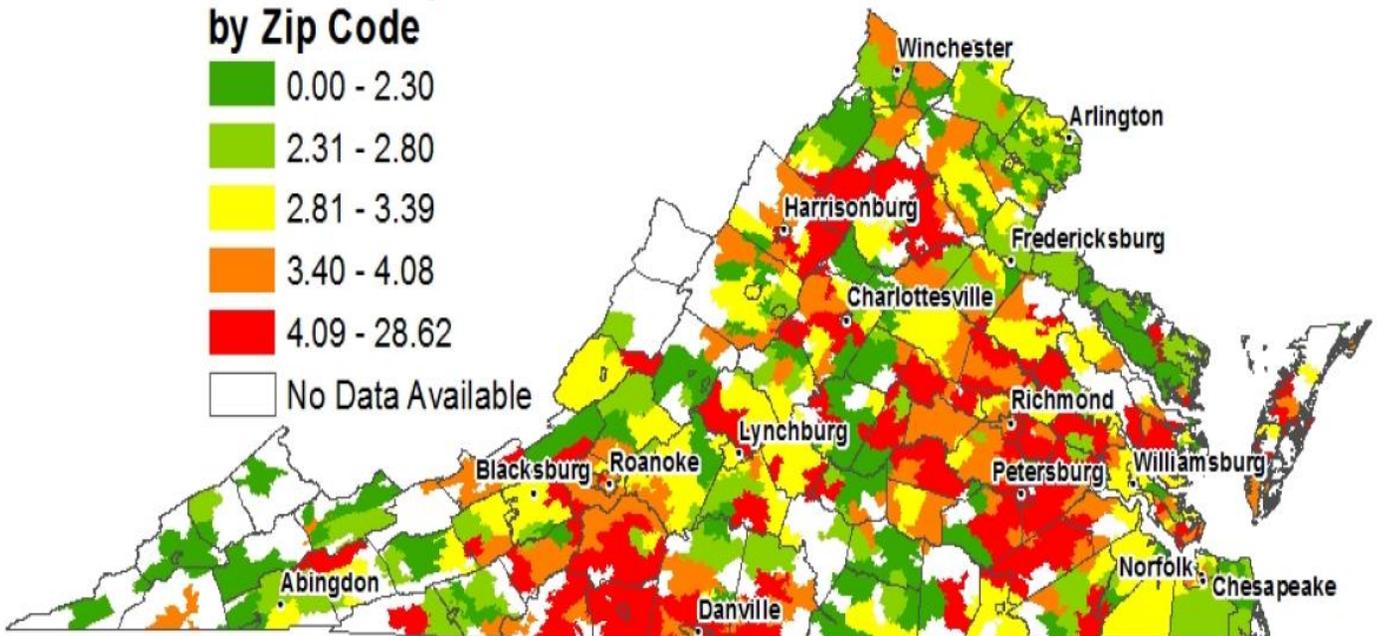
Percentage of Owner-Occupied Subprime Loans with 90+ Day Delinquency: Virginia
Percent Delinquent by Zip Code



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 (December 2016)

Percentage of Owner-Occupied Mortgages with Subprime Loans: Virginia
Percent Subprime by Zip Code



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.

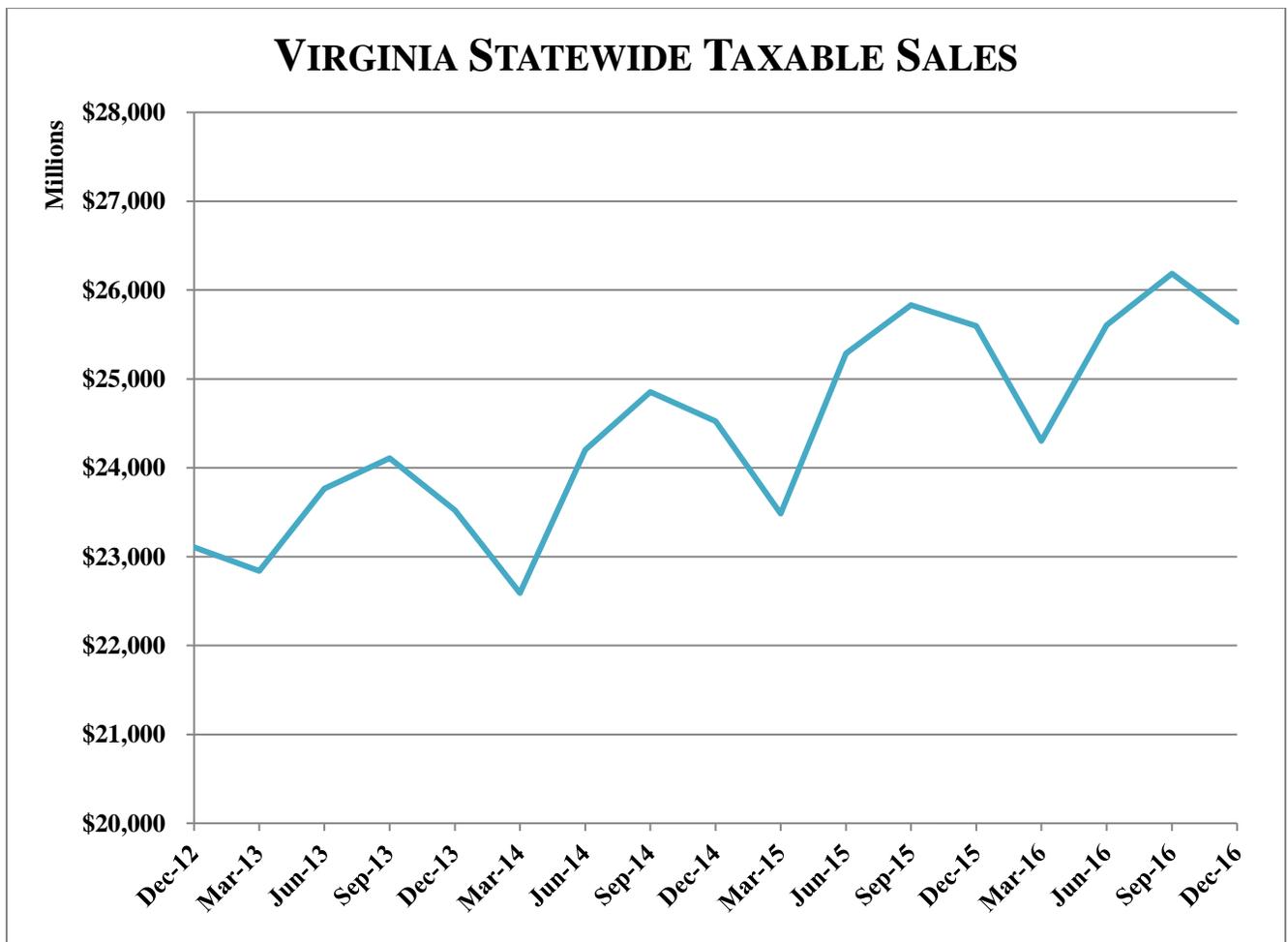
Source: Federal Reserve Bank of Richmond/McDash Analytics (December 2016)

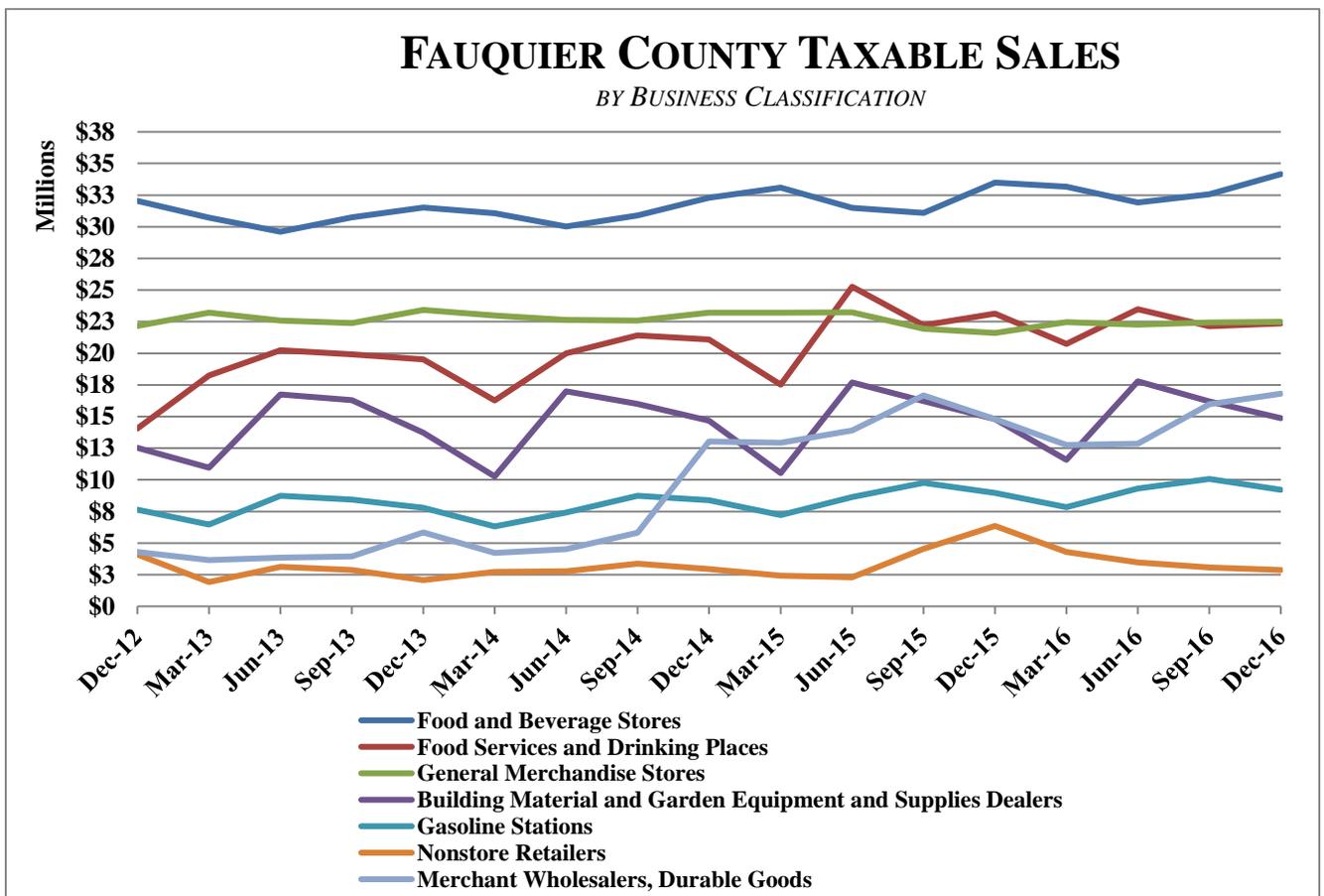
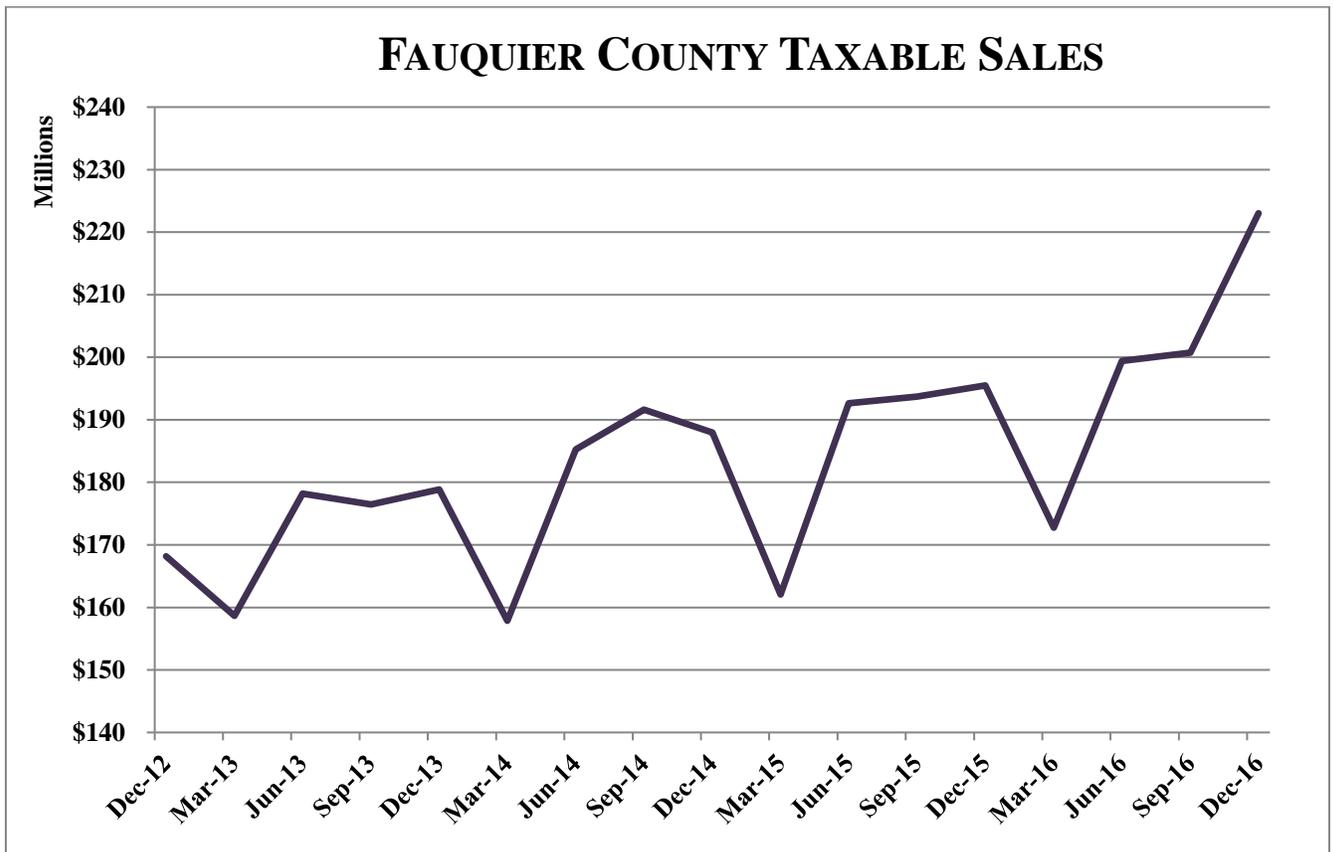
3. Taxable Sales

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

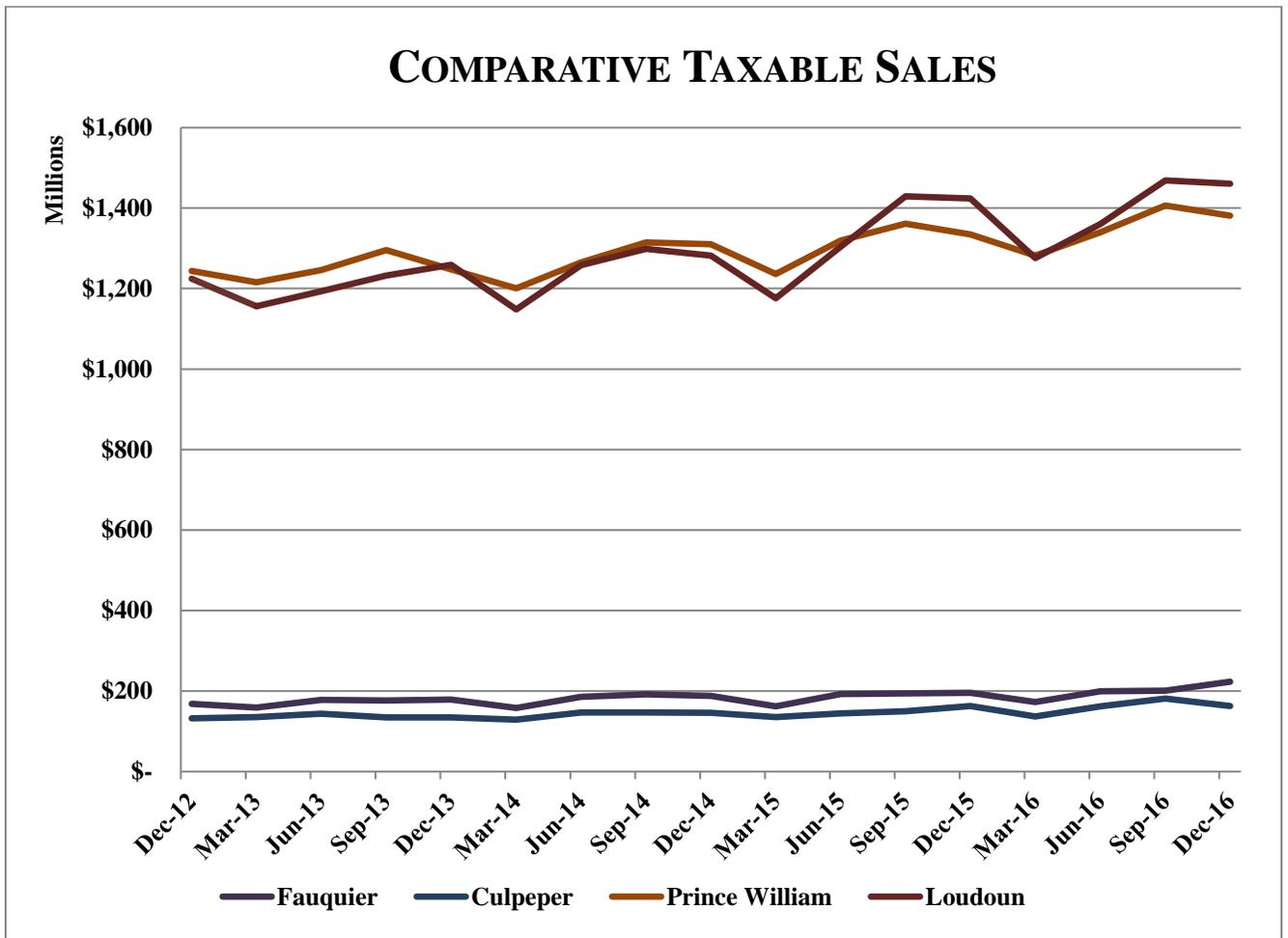
- Virginia statewide taxable sales;
- Fauquier County taxable sales;
- Fauquier County total taxable sales for business classifications with sales in excess of \$10 million at the beginning or end of the recession; and
- Fauquier County taxable sales in comparison to Prince William, Loudoun, and Culpeper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

At the end of the second quarter of FY 2017, the County experienced a 9% increase in taxable sales as compared to the same period in FY 2016. While food and beverage stores saw a moderate increase of 4.9%, building material and garden equipment dealers and gasoline stations experienced decreases of approximately 8%, and nonstore retailers decreased by 6.5%, offset by a 5.3% increase in merchant wholesale, durable goods. Overall, the County's taxable sales continue to experience positive growth, with seasonal fluctuation, but at a higher rate of change.





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.