

Fauquier County Economic Indicators



June 30, 2015
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 have continued on a normalized growth trend, increasing 9% from last year.
Community Development	Building & new residential construction permits	-	While permitting volume decreased overall, in FY 2015, overall construction values and total permitting revenue continue to increase year over year.
Employment	Unemployment rate	-	The County's unemployment rate continues to steadily decline, remaining among the 20 lowest ranked counties in the state. The County's unemployment rate was 4.4% as of June 2015, down slightly from the last fiscal year and ranked 14 th lowest overall.
Employment	Unemployment insurance claims		Continued and initial unemployment insurance claims continued 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 an FY 2015 year increase of 6.2% over FY 2014.
Residential Housing Market	Days houses are on market	-	Overall the average days on market increased by 6.5% in FY 2015 compared to FY 2014, however the average number of days houses are on the market decreased in the fourth quarter of FY 2015, similar to the entire region.
Residential Housing Market	Median sales price		Median home sales values improved during the fourth quarter of FY 2015 and increased by 3.6% over last year.
Residential Housing Market	Foreclosures and short sale listings		While there was a slight increase in the fourth quarter of FY 2015, foreclosure listings and short sale listings continue to decline, returning to pre-recession levels.
Residential Housing Market	Number of homes sold	-	The number of home sales continues to experience normal seasonal fluctuation, similar to the entire region, and nearly doubling the number of homes sold during the fourth quarter of FY 2015.

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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 2015 increased 17% from FY 2014, continuing to show yearly fluctuation.
Businesses	Number of startup firms	↓	While significant seasonal fluctuation remains, the estimated number of start-up firms has declined 3% in CY 2014 overall, with a significant decrease of 87% in the fourth quarter of CY 2014.
Residential Housing Market	Foreclosures by loan type	-	During FY 2015, 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 seasonal fluctuation, similar to the entire region.

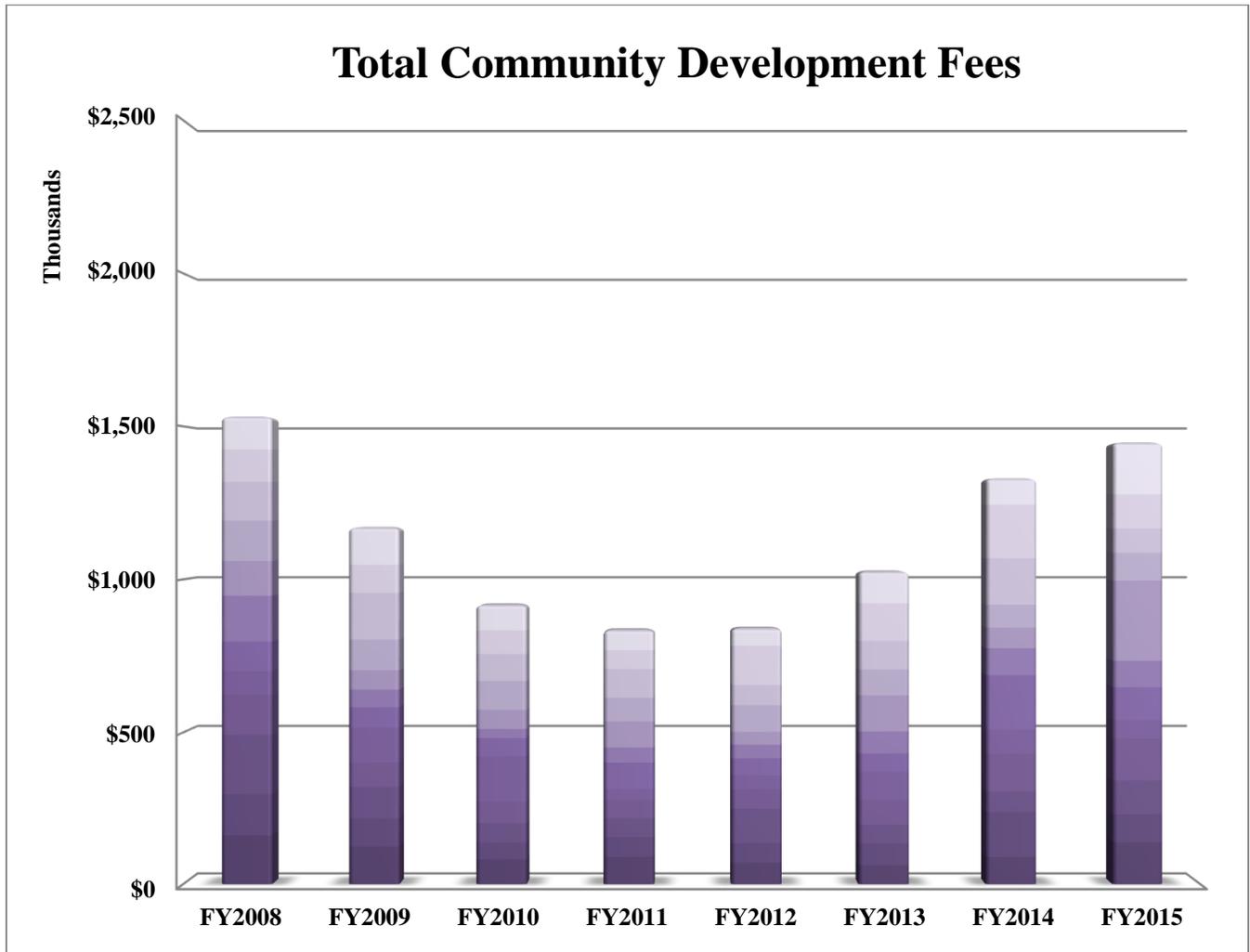
III. Economic Indicators – Data

A. Current Economic Indicators Data

1. Community Development

a) Community Development Fees

In FY 2015 Community Development Fee revenue experienced a 9% increase compared to FY 2014, continuing a normalized growth trend. While permitting volume has been lower, the level of construction value has grown which is a positive trend.

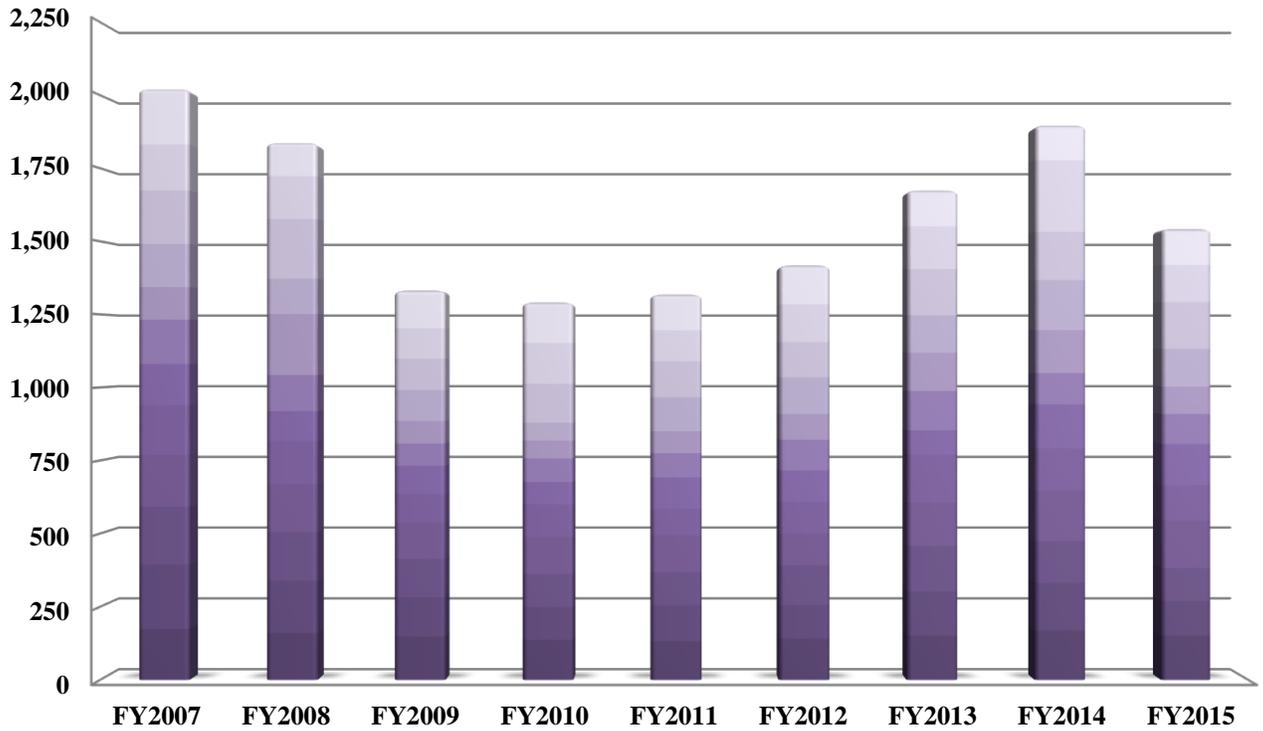


Source: Community Development.

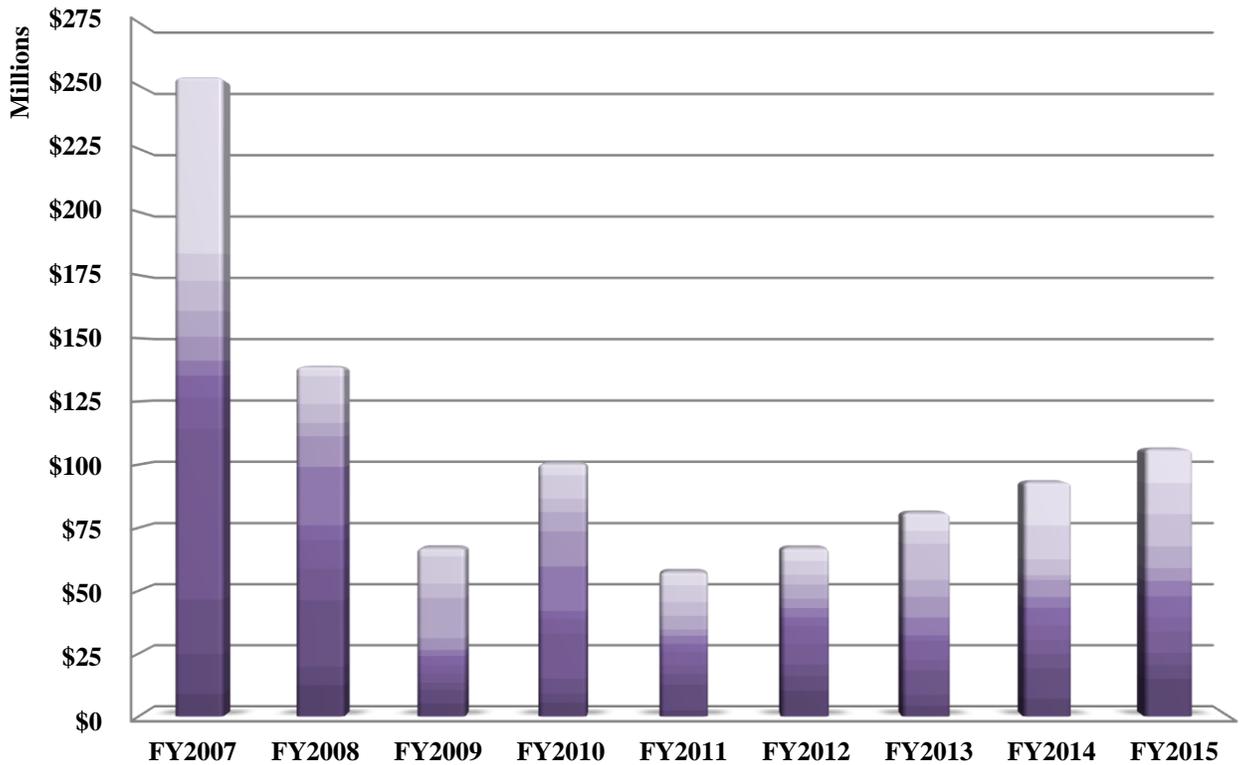
b) Building Permits

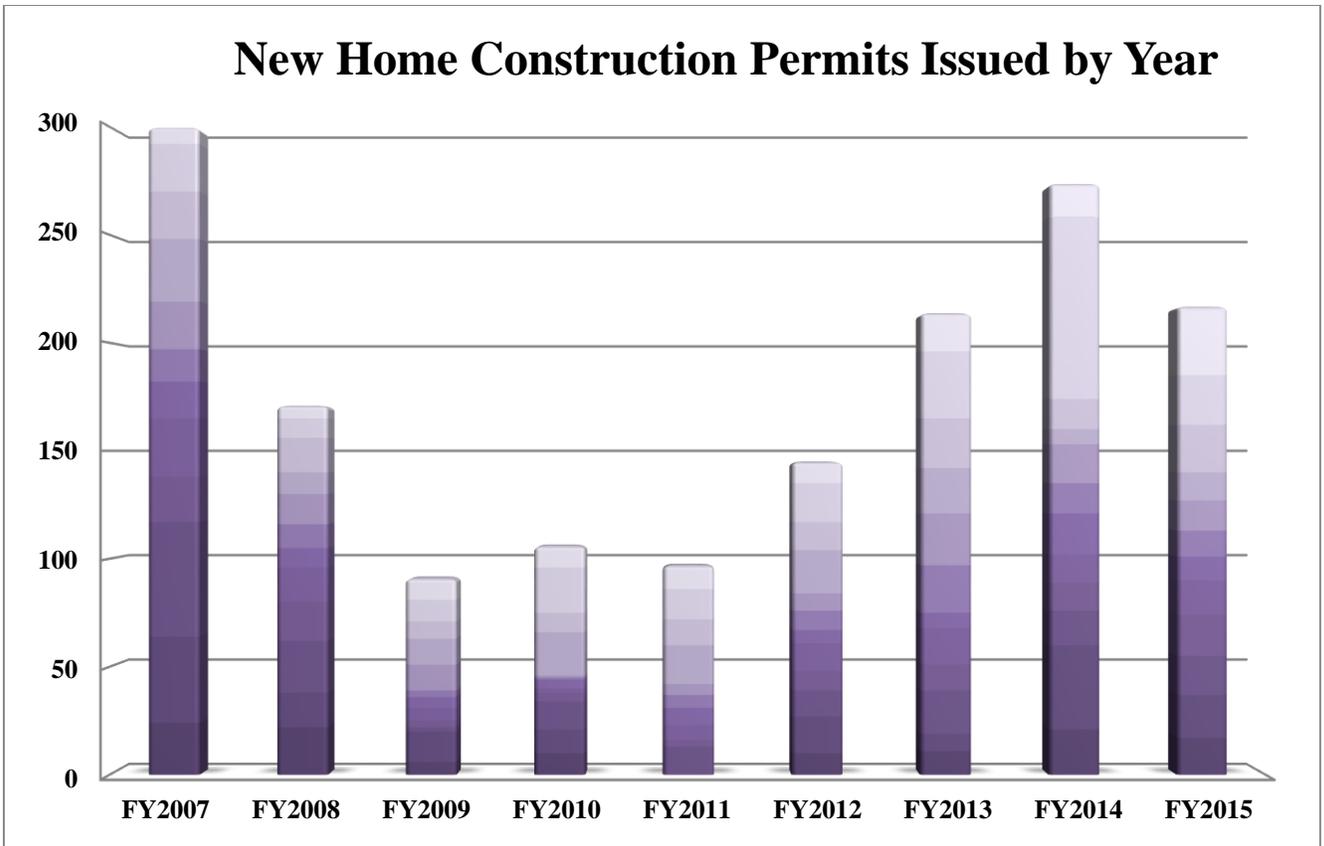
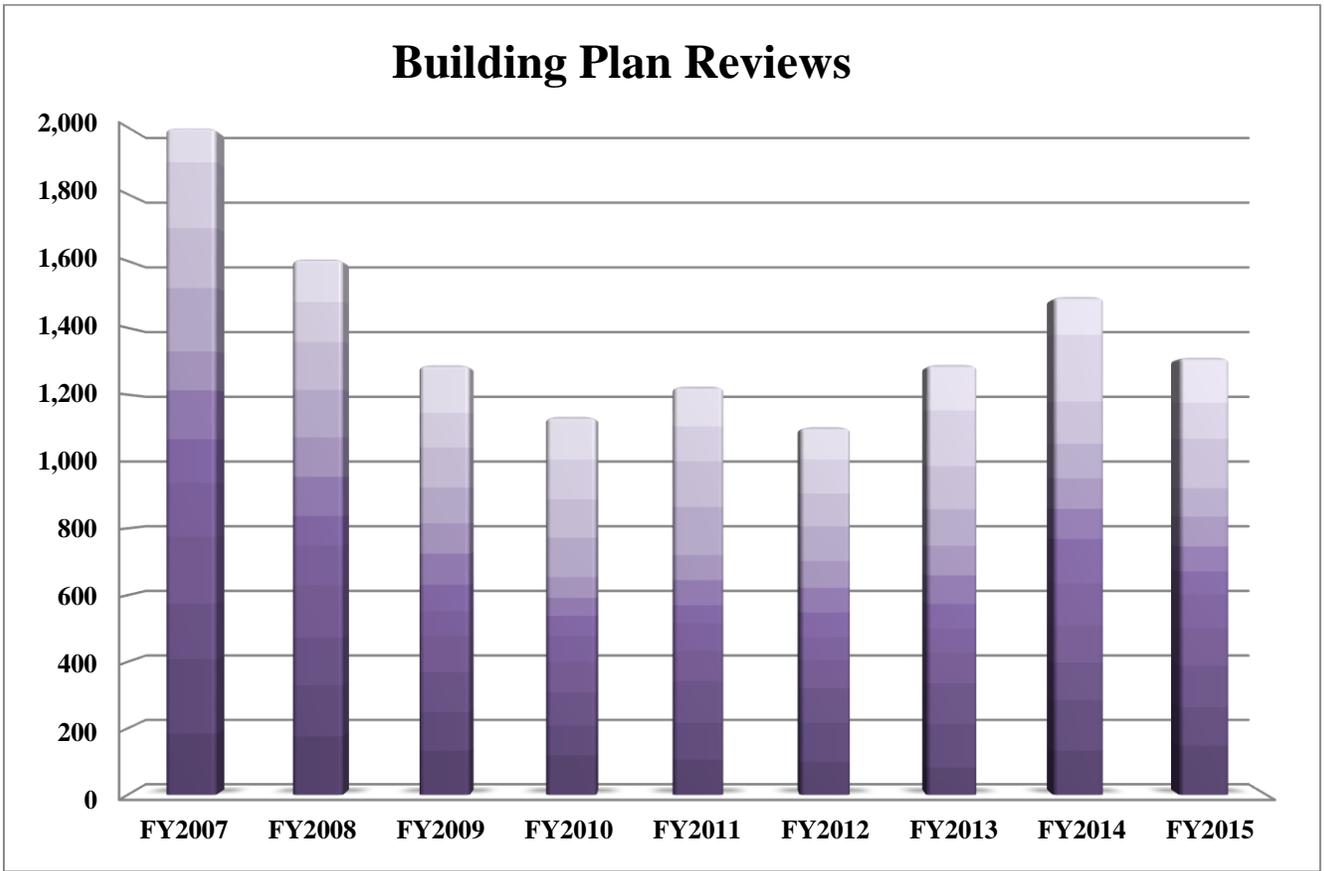
Building permits issued decreased almost 19% from FY 2014 to FY 2015, while new residential construction permits decreased by 21%, similar to the entire region. However, similar to the trends seen in the real estate sales market throughout the region, while the volume is lower, the level of value of construction is higher with a 14% increase from FY 2014 to FY 2015.

Building Permits Issued



Total Construction Value of Building Permits

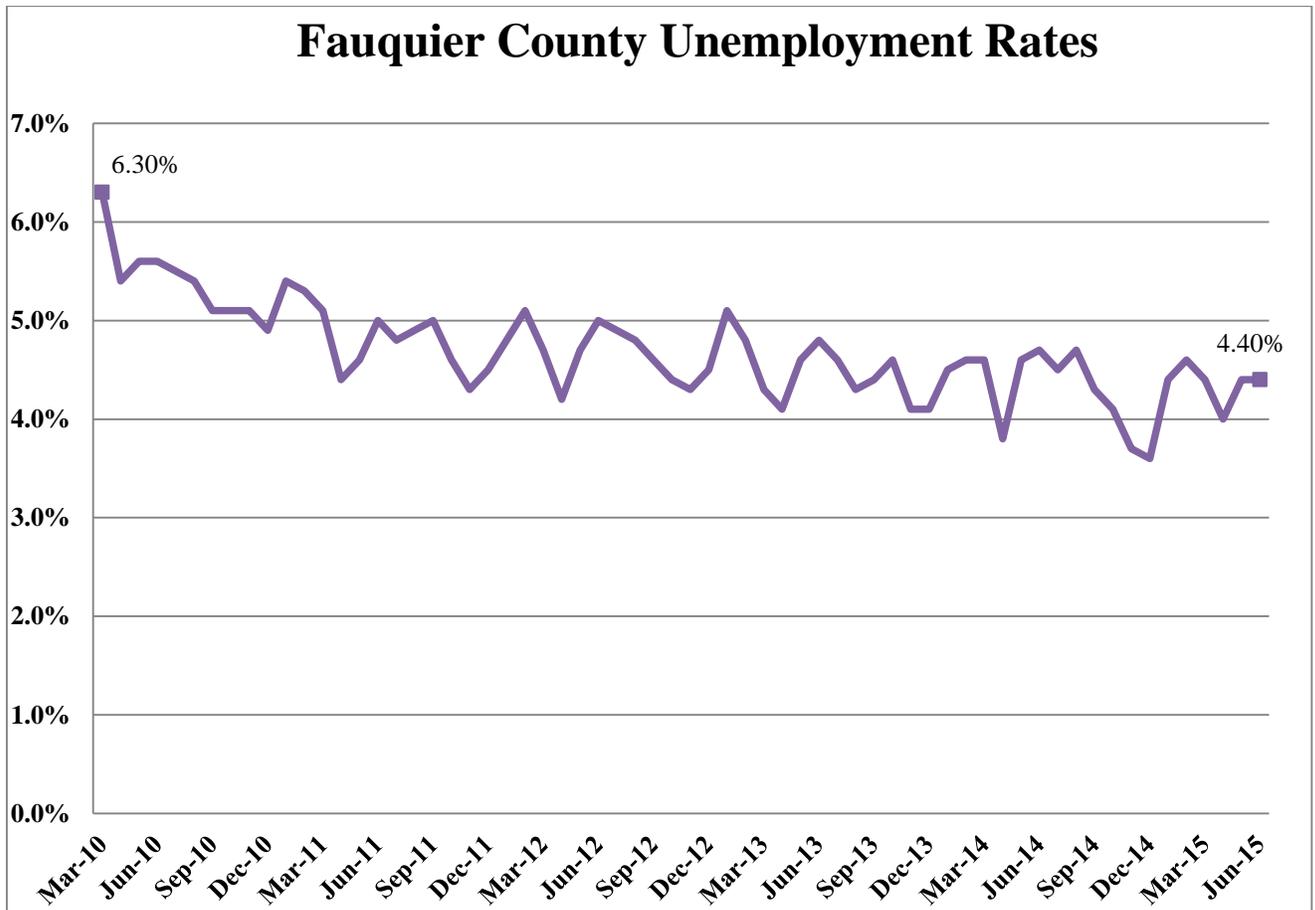




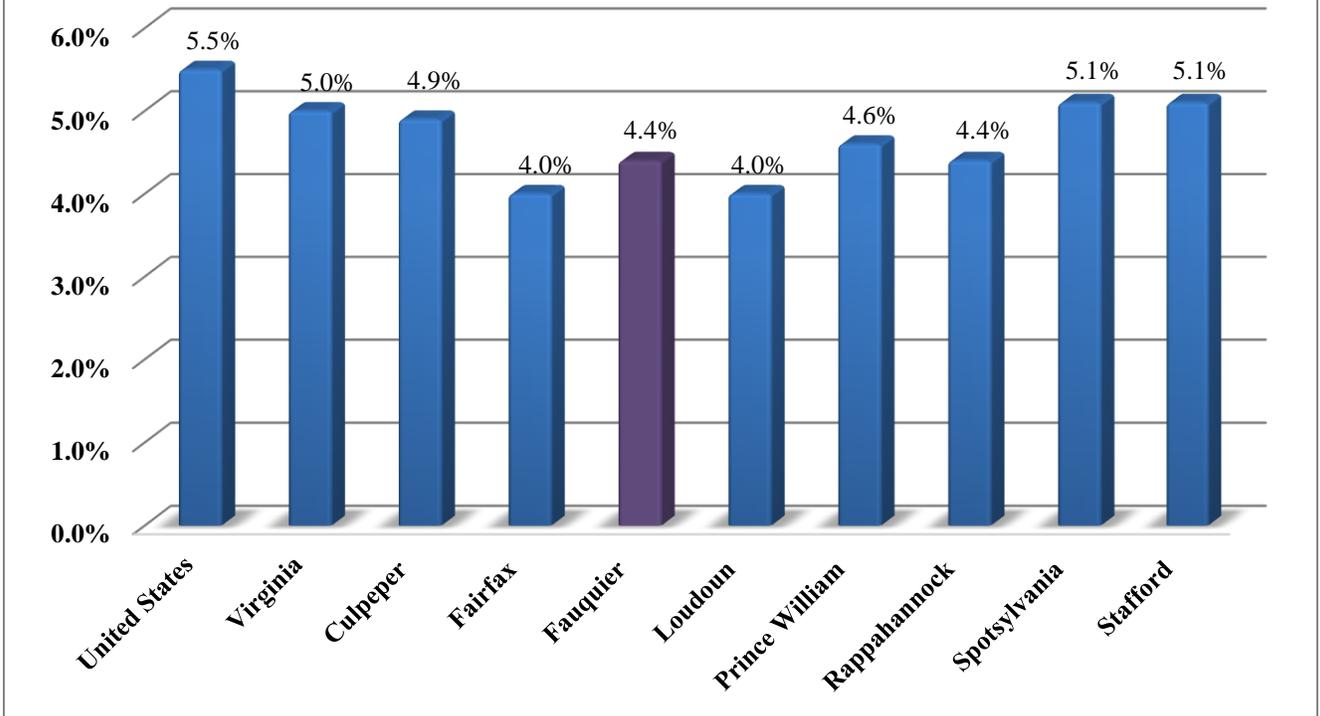
2. Employment

a) Unemployment Rates

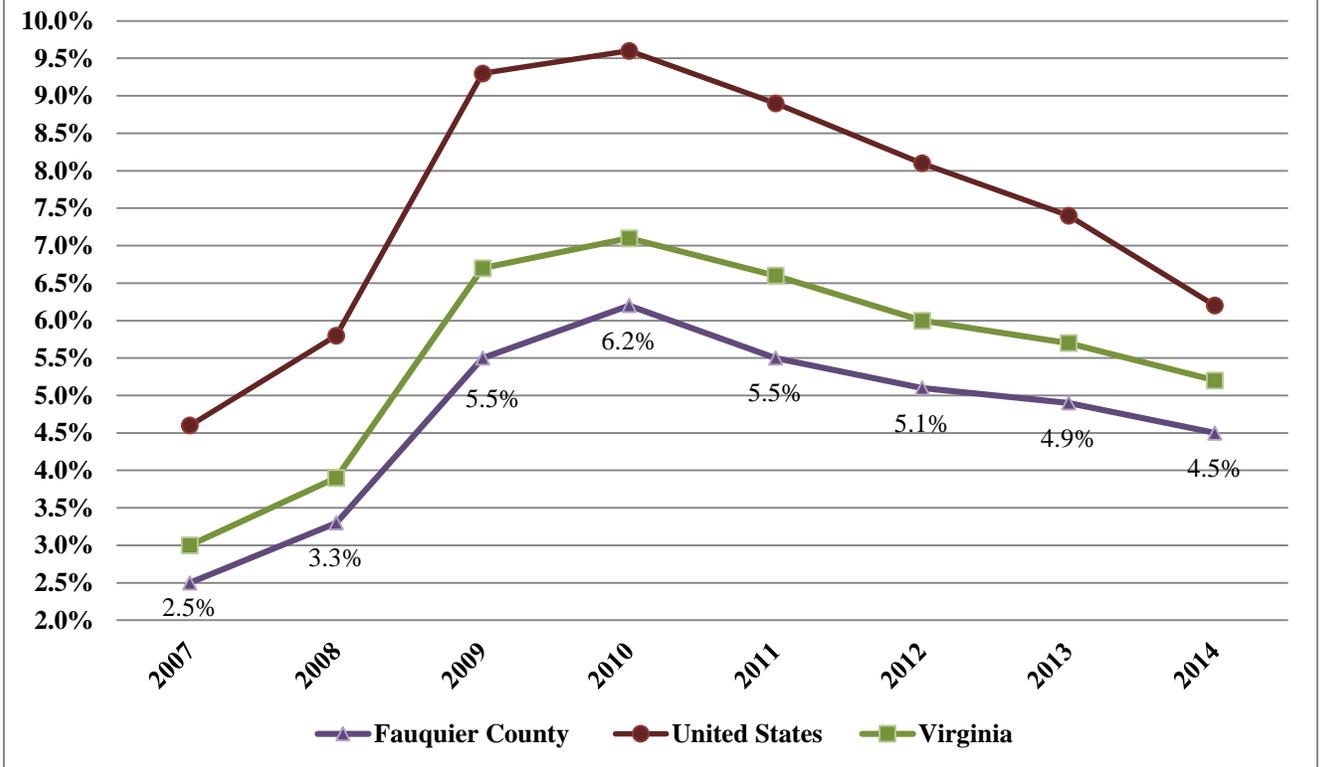
The Fauquier County unemployment rate remains stable, experiencing a steady decline with normal seasonal fluctuation. In comparison to other local jurisdictions, Fauquier County's June 2015 unemployment rate of 4.4% trails Fairfax and Loudoun; is undifferentiated from Rappahannock; and leads Prince William, Culpeper, Stafford, and Spotsylvania. Overall for the Commonwealth, Fauquier County ranked 14th (up from 16th at the end of the third quarter, FY 2015), behind other counties such as Arlington, Falls Church City, Alexandria City, Fairfax City, Madison, and Frederick.



June 30, 2015 Unemployment Rates *not seasonally adjusted*



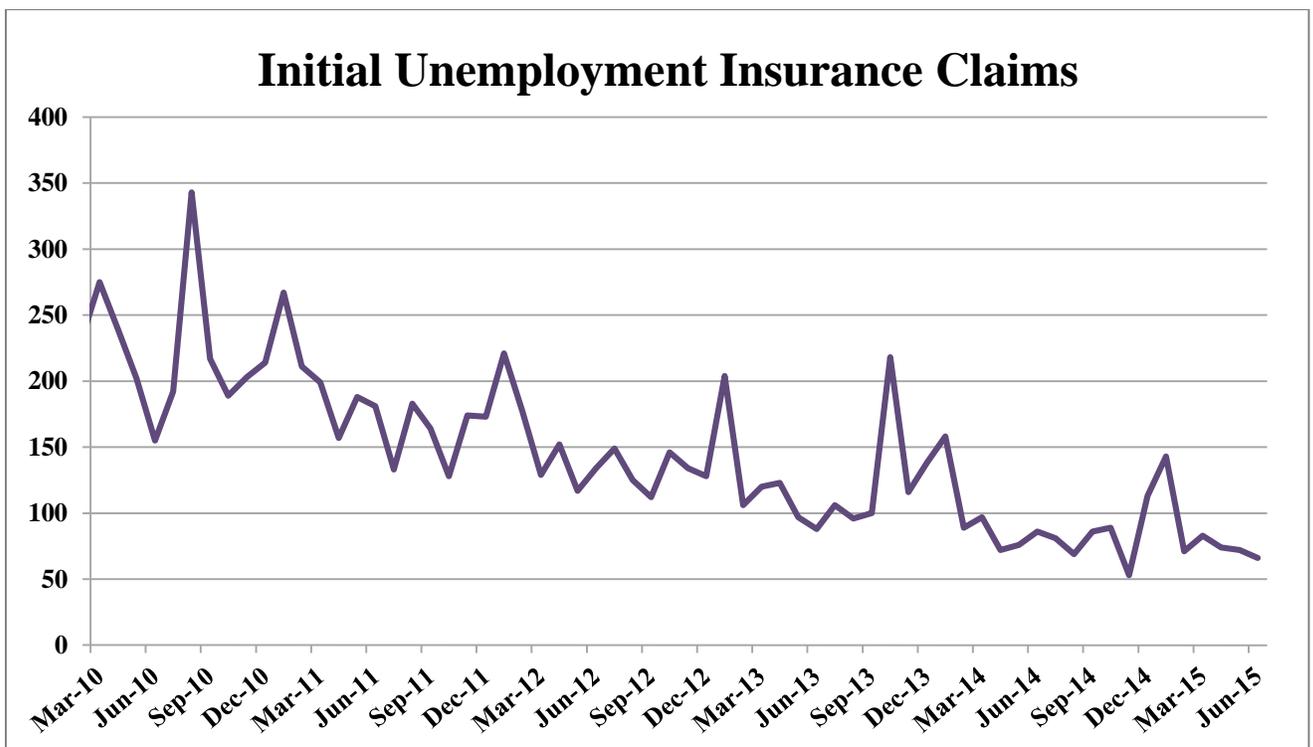
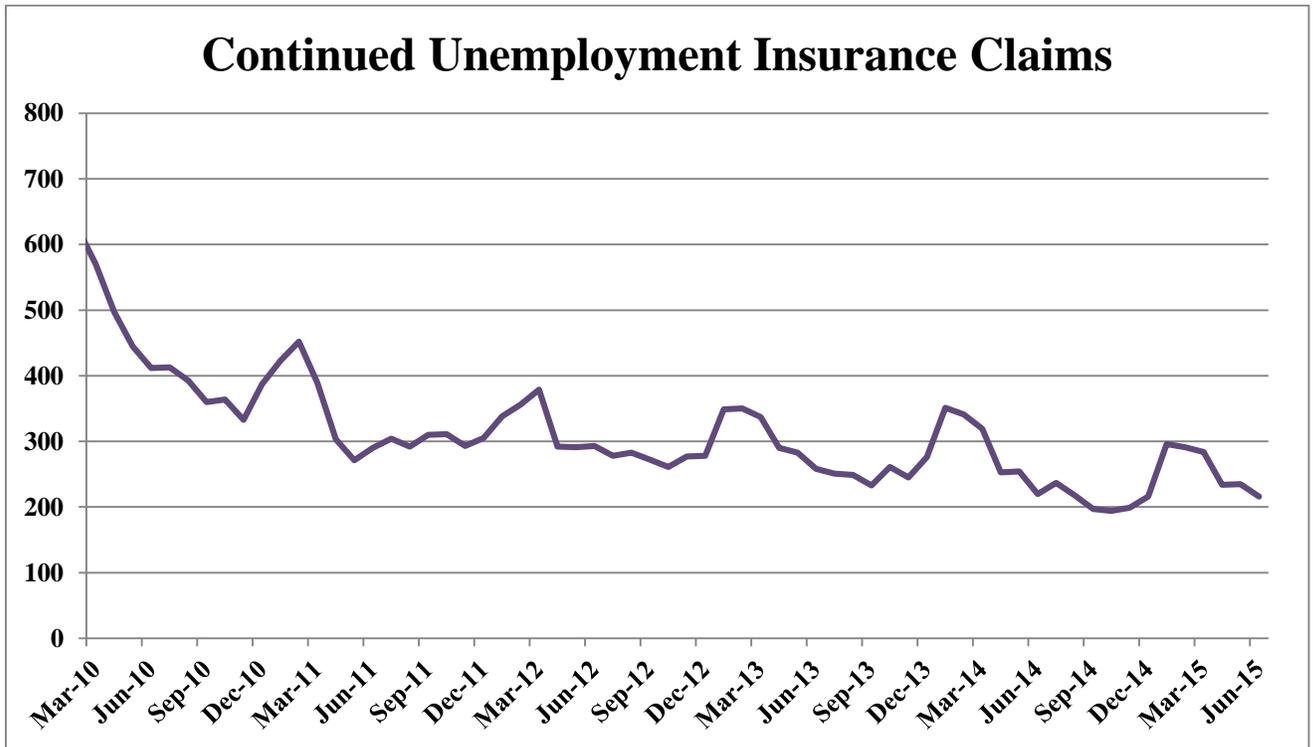
Average Annual Unemployment Rates *not seasonally adjusted*



Source: Virginia Employment Commission

b) Unemployment Insurance Claims

Continued unemployment insurance claims and initial unemployment claims continued to decrease during FY 2015, consistent with seasonal fluctuation but at a lower rate of change. Continued unemployment insurance claims decreased 13.4% from FY 2014, and initial unemployment claims decreased 26% from FY 2014.



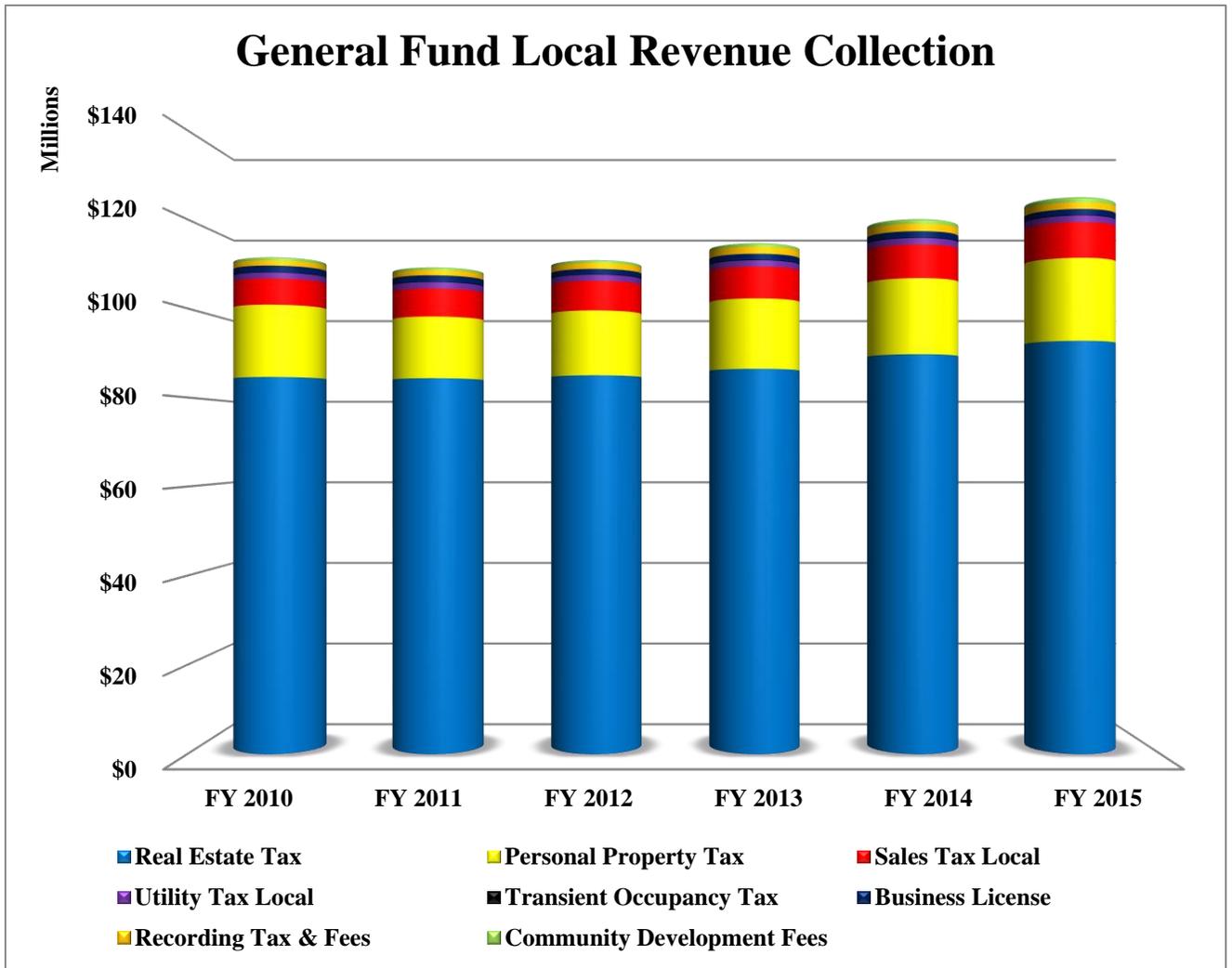
Source: Virginia Employment Commission

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.

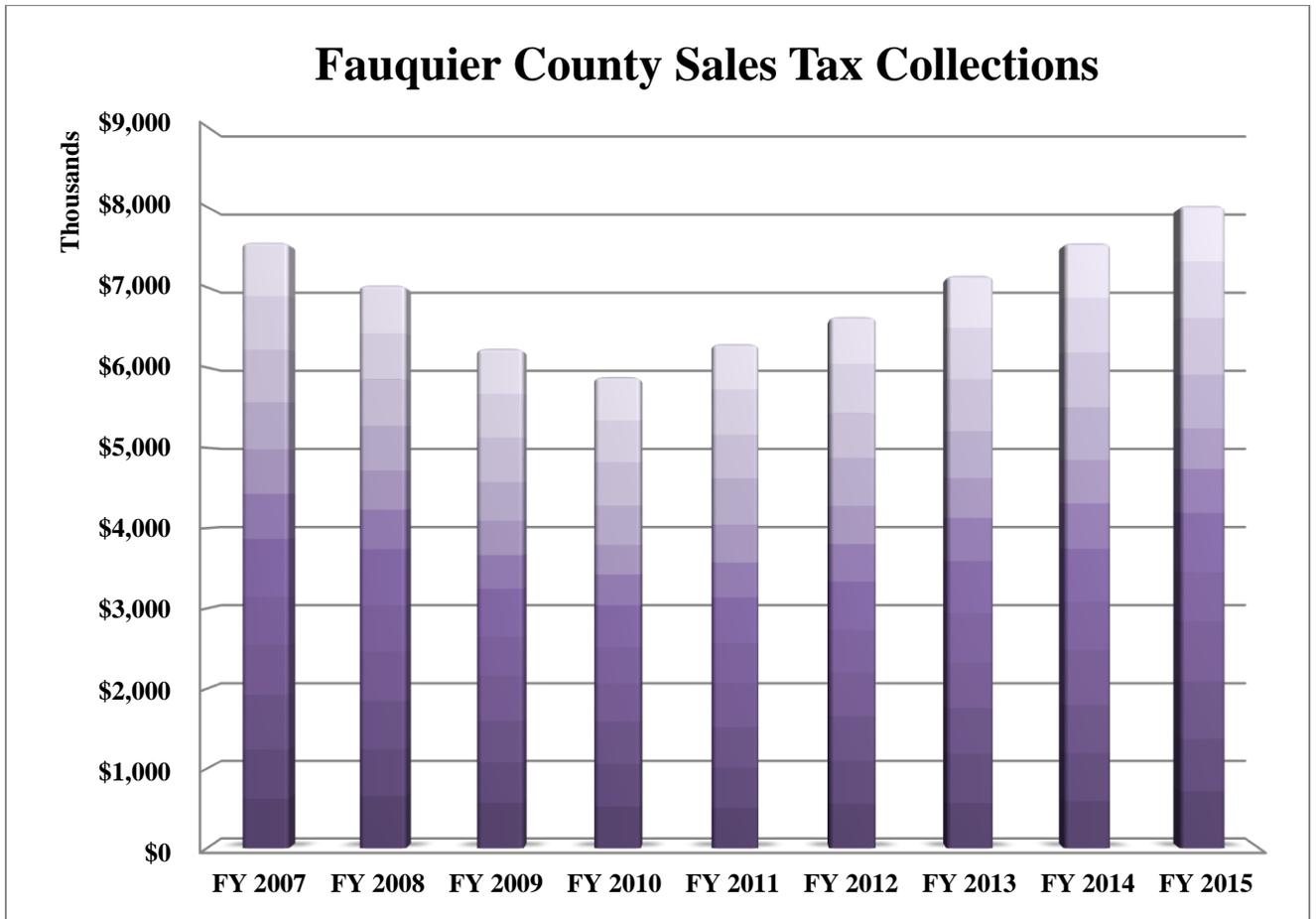
a) General Fund local revenue collection

General Fund local revenues showed a 4% increase from FY 2014 to FY 2015. During FY 2015 there was significant growth in personal property taxes, transient occupancy taxes, community development fees, and sales taxes. The greatest decreases in growth in FY 2015 compared to the previous fiscal year were a 6% decrease in business license taxes and a 9% decrease in recording taxes and fees. The 9% decrease in recording taxes and fees is due to a lower volume of deeds on record, which was offset by higher property values. A 25% increase in the transient occupancy tax is attributable to the efforts to increase local tourism and the travel trade industry. Growth in personal property tax is attributable to new vehicle purchases with higher valuations and minimal depreciation to existing stock. This continued growth has led to increased General Fund revenue projections for the next fiscal year.



b) Sales Tax Revenue

While experiencing seasonal fluctuation in the third quarter of FY 2015, sales tax collections have increased 6.2% over the prior year. While the monthly year-over-year increases have fluctuated, sales tax collections continue to experience stable growth.

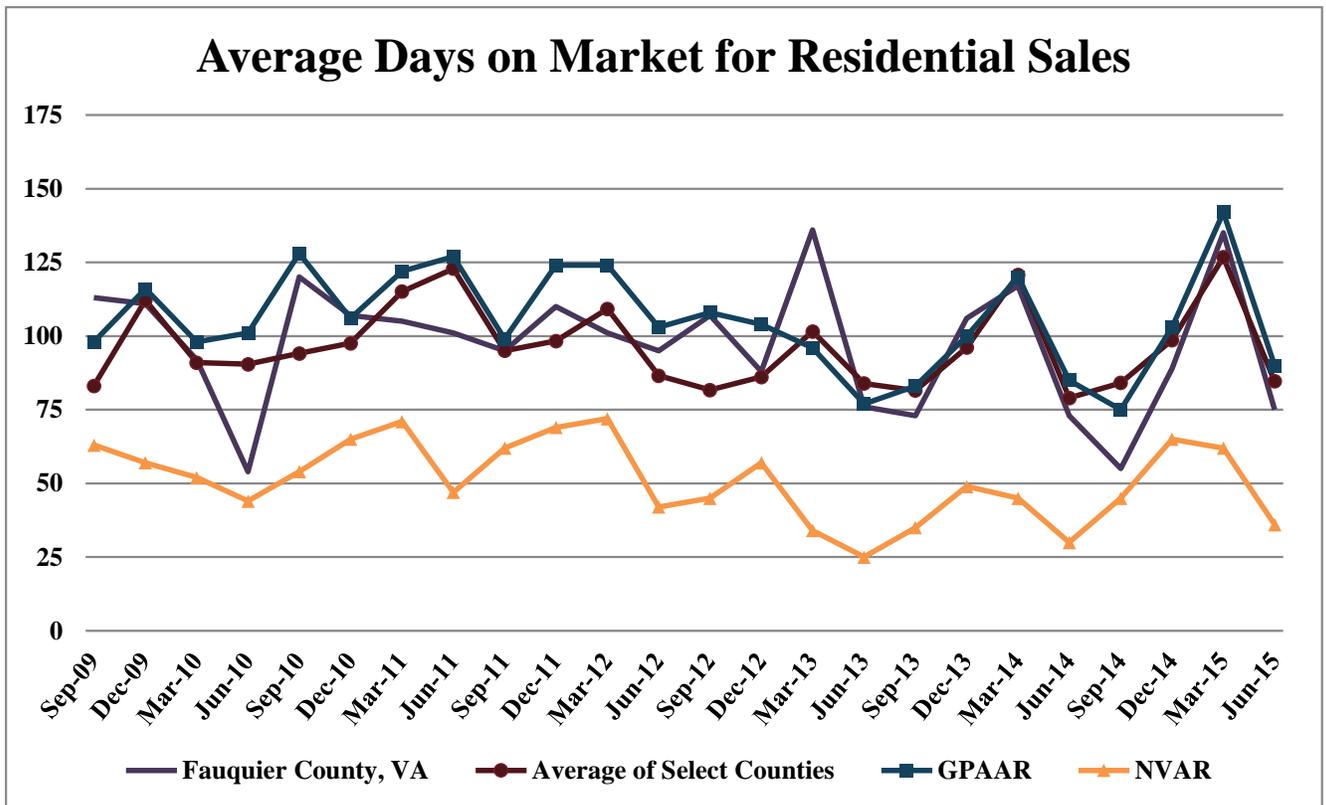


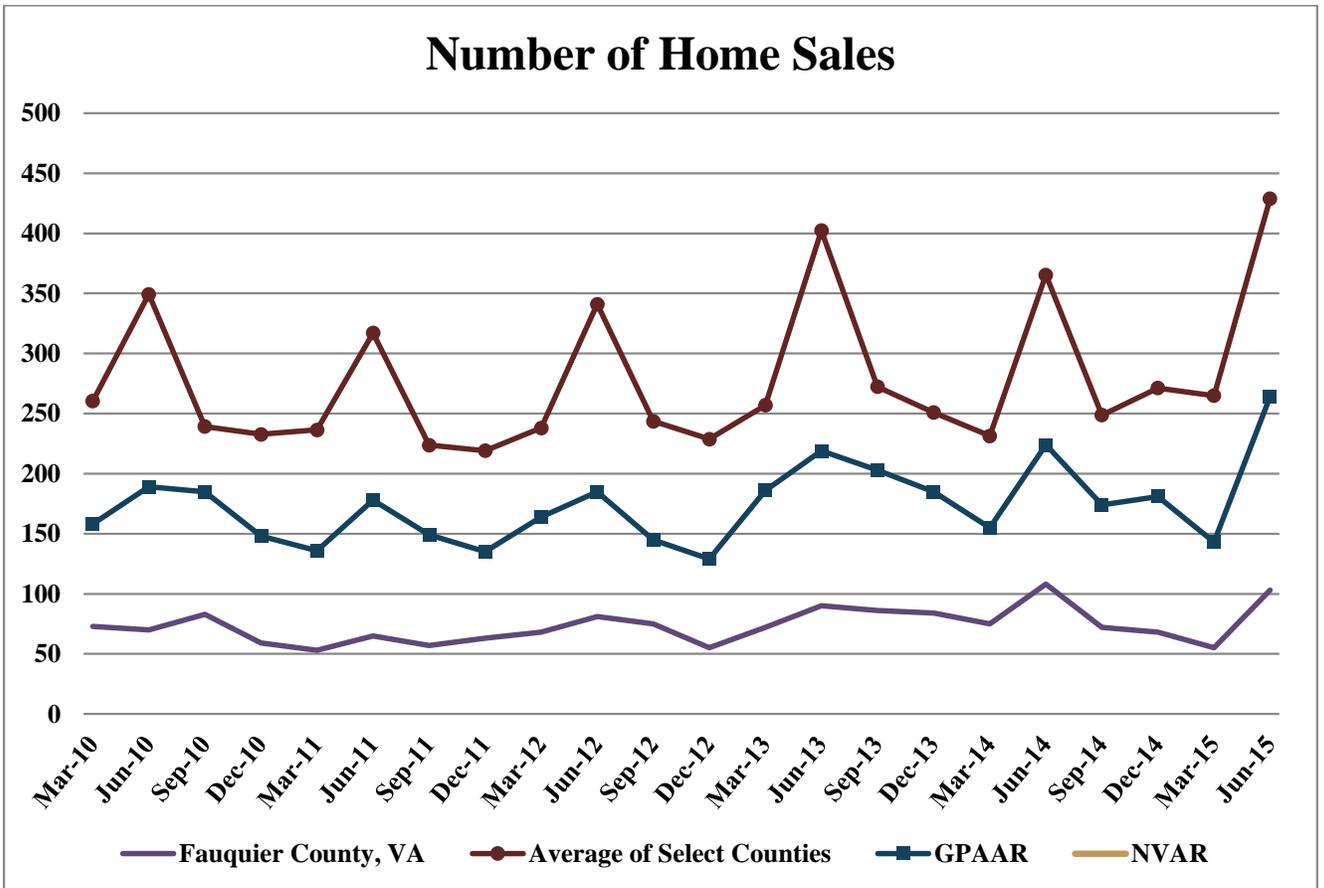
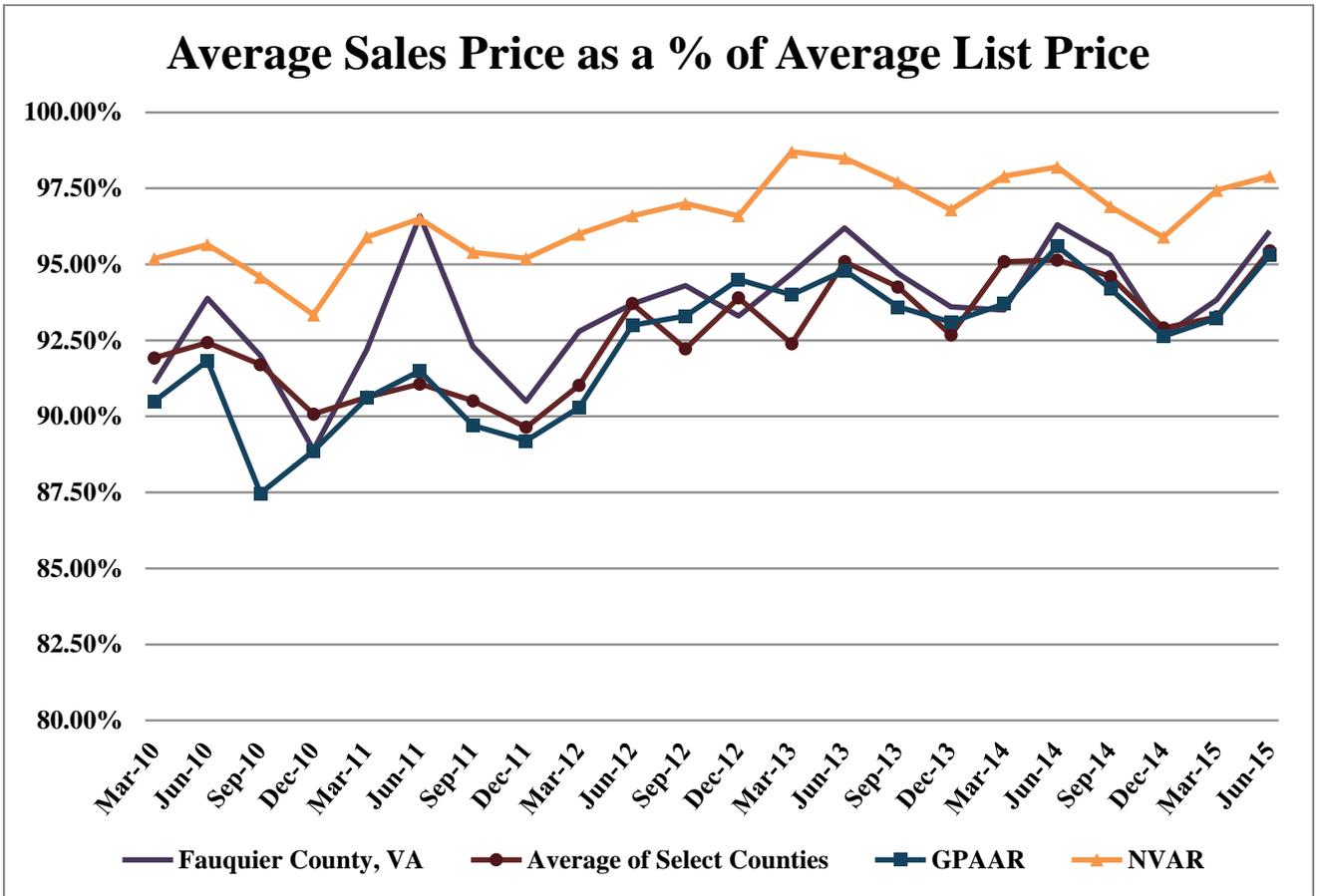
4. Residential Housing Market – Current Data

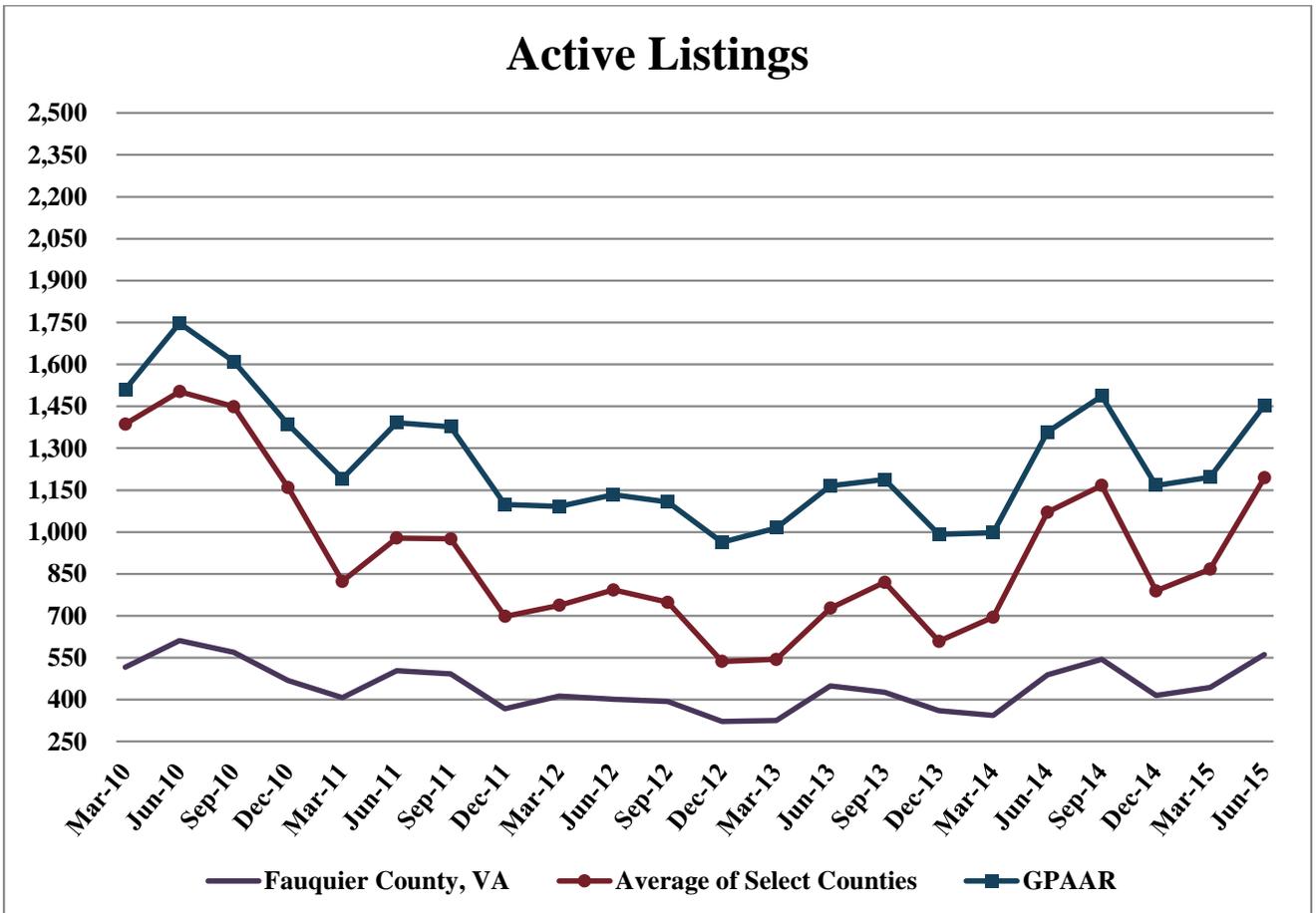
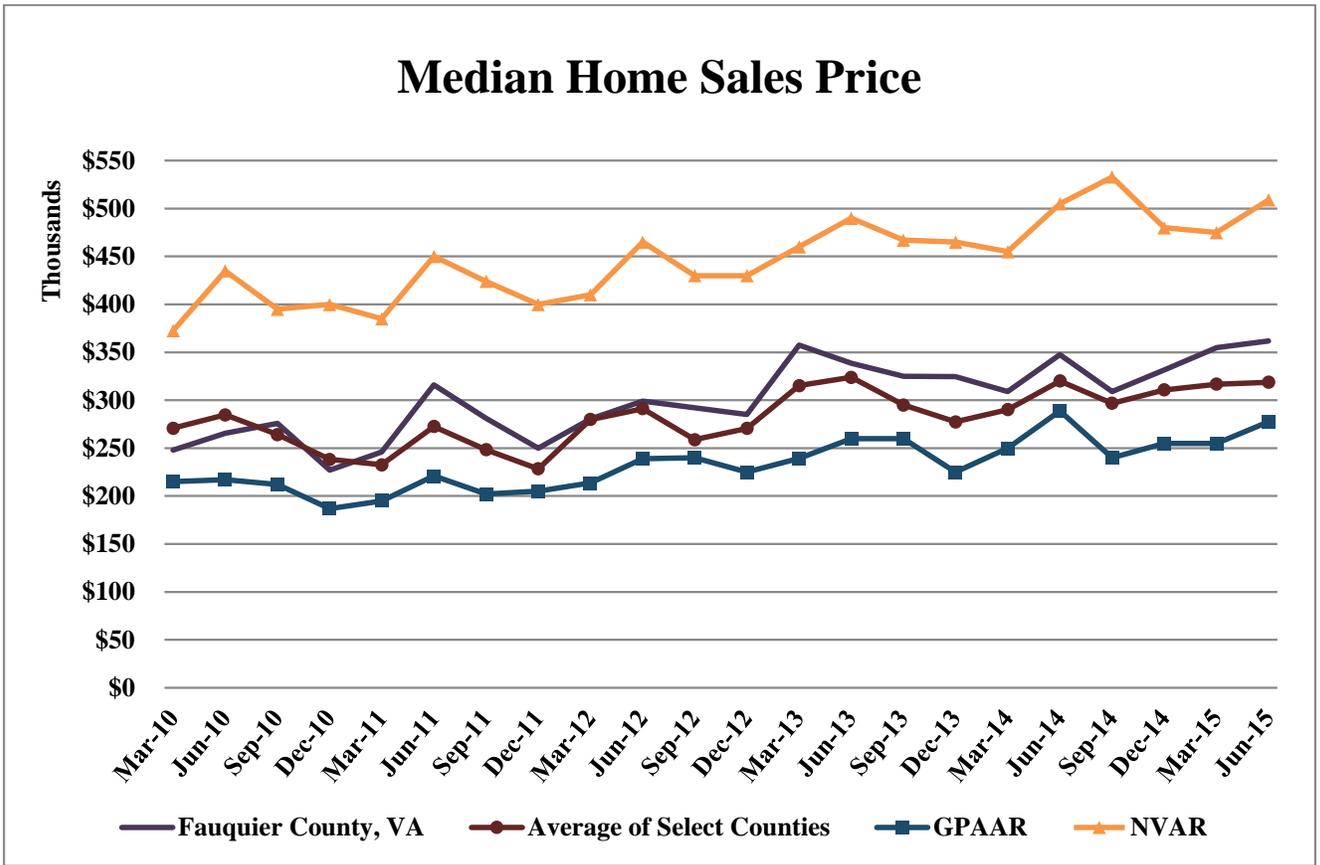
The following charts provide data on various characteristics of the local residential housing market. The graphs display data for Fauquier County, the Greater Piedmont Area Association of Realtors, Northern Virginia Association of Realtors, and/or an Average of select counties. The Greater Piedmont Area 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 been stable throughout FY 2015, with only normal seasonal fluctuation. While median sales price continues to improve, this is slightly offset by increased average days on market overall during FY 2015. However, with the increase in average days on market, the ratio of average sales to list price has improved, similar to the entire region.





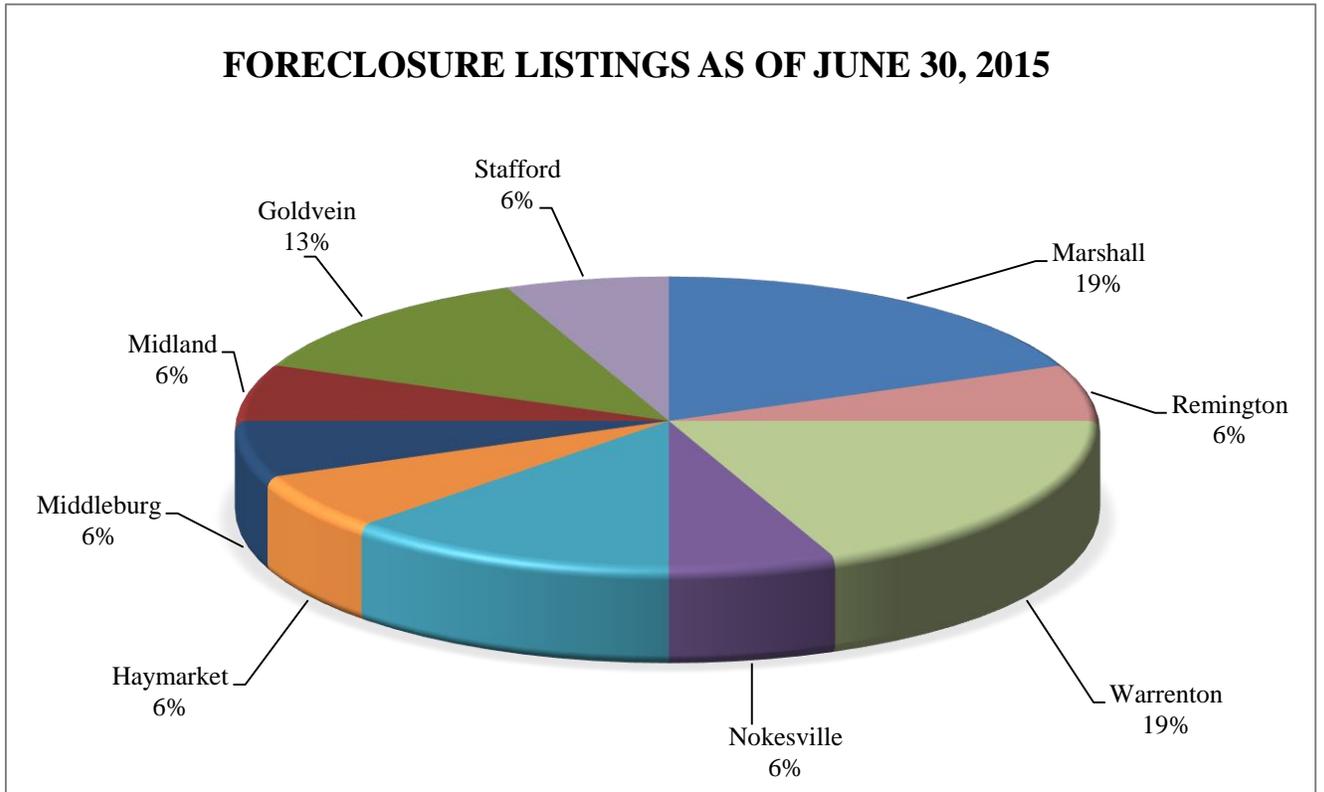


Source: Metropolitan Regional Information Systems, Inc. (MRIS)

b) Foreclosures and Short Sales

Foreclosure listings increased by 33% during the fourth quarter of FY 2015.

However, no short sales were reported in the last quarter of FY 2015.

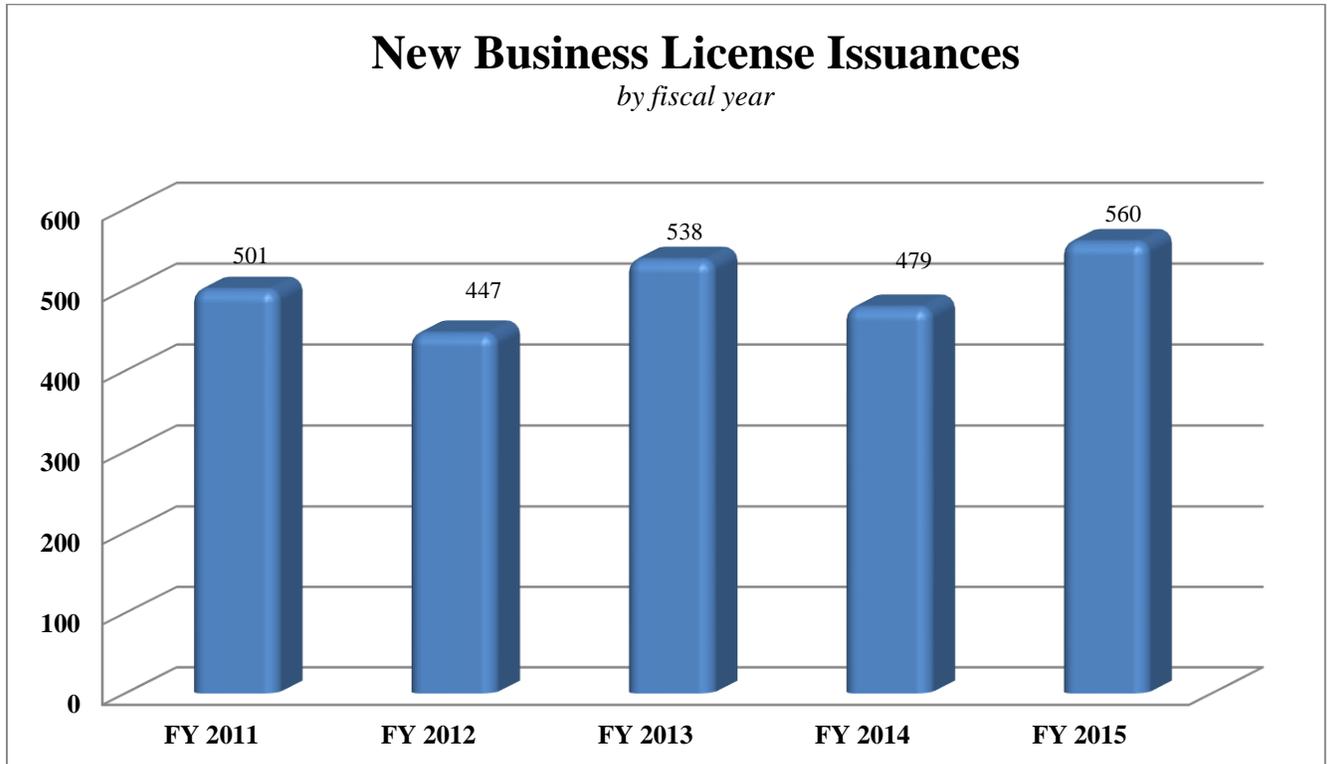


16 foreclosure listings as of August 19, 2015. Source: Redfin.com.

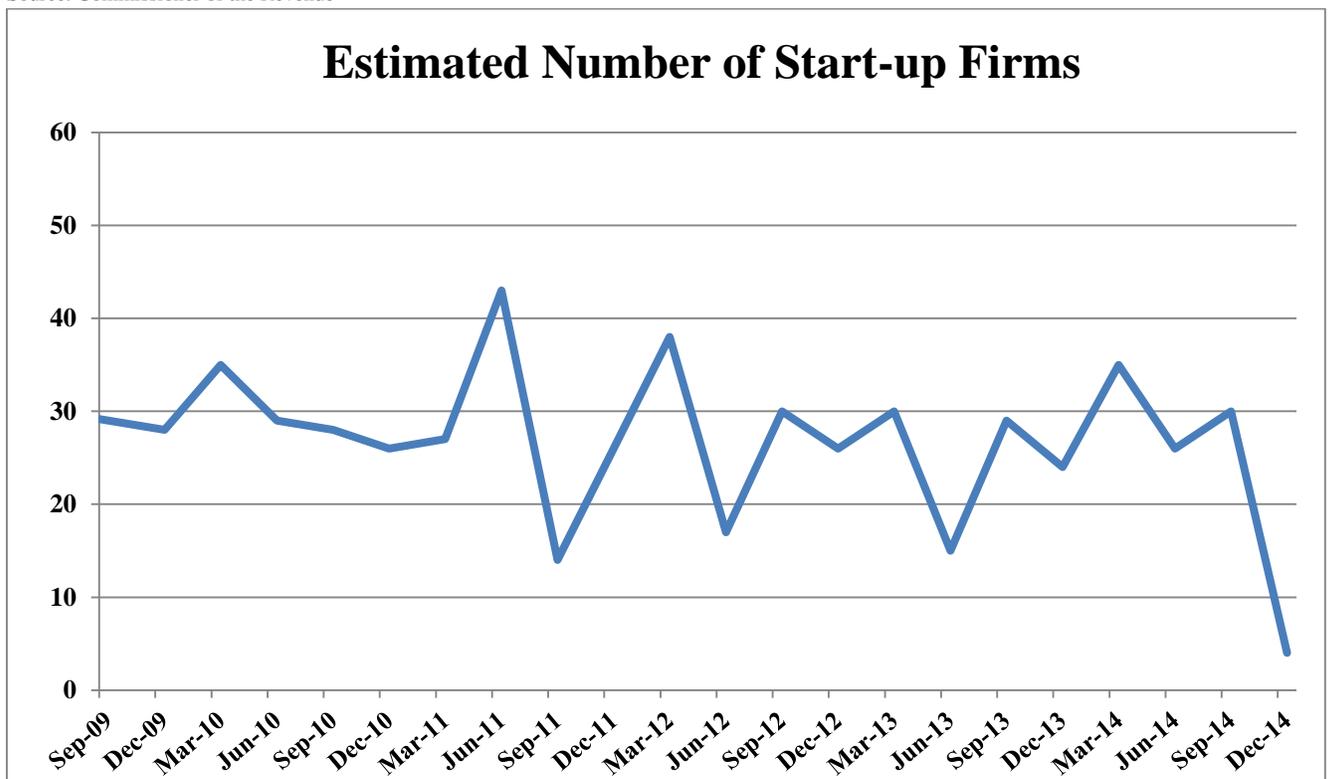
B. Historical Economic Indicators Data

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. In addition, the number of start-up firms in Fauquier County declined 3% in CY 2014 compared to CY 2013.



Source: Commissioner of the Revenue



Source: Virginia Employment Commission

2. Residential Housing Market – Historical Data

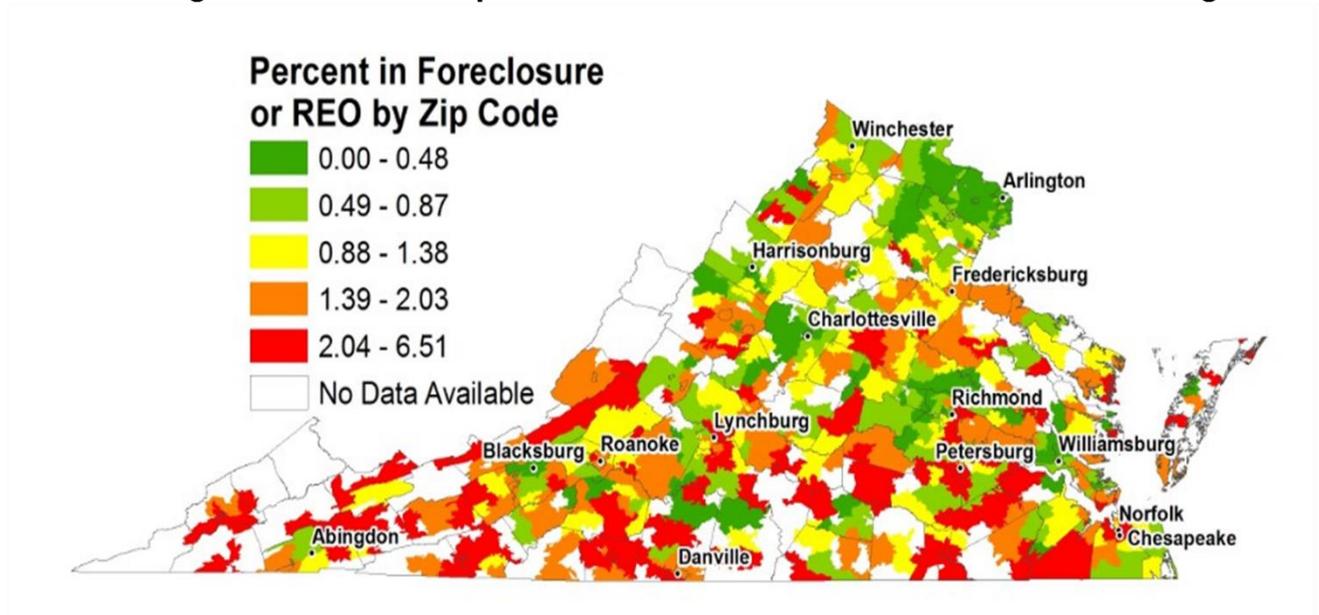
a) Residential Foreclosures and Delinquencies

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 June 2015, 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.

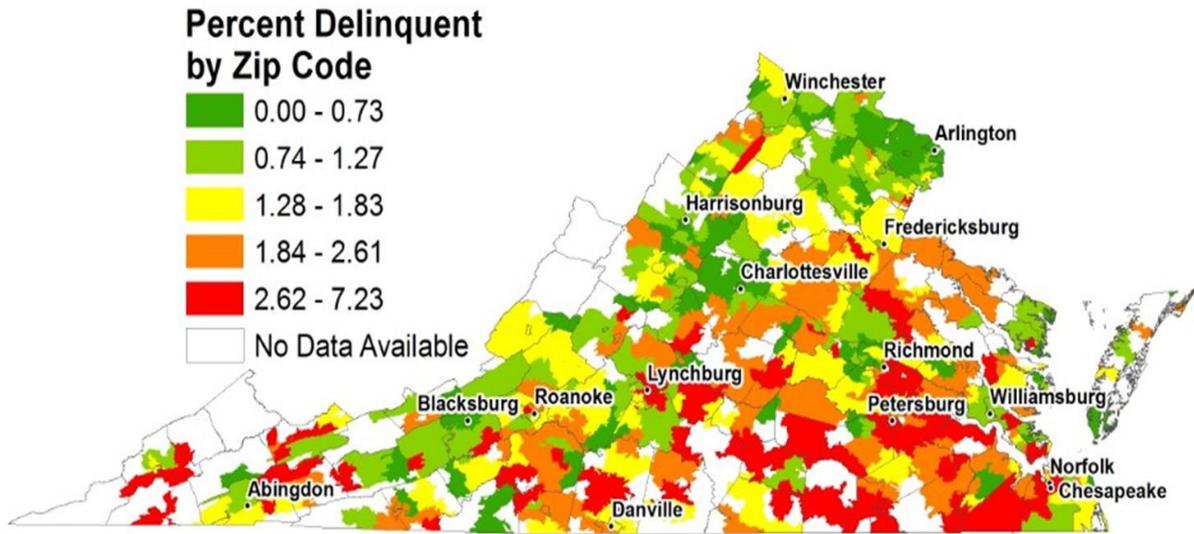
Percentage of Owner-Occupied Prime Loans in Foreclosure or REO : Virginia



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/Lender Processing Services (LPS) Applied Analytics (June 2015)

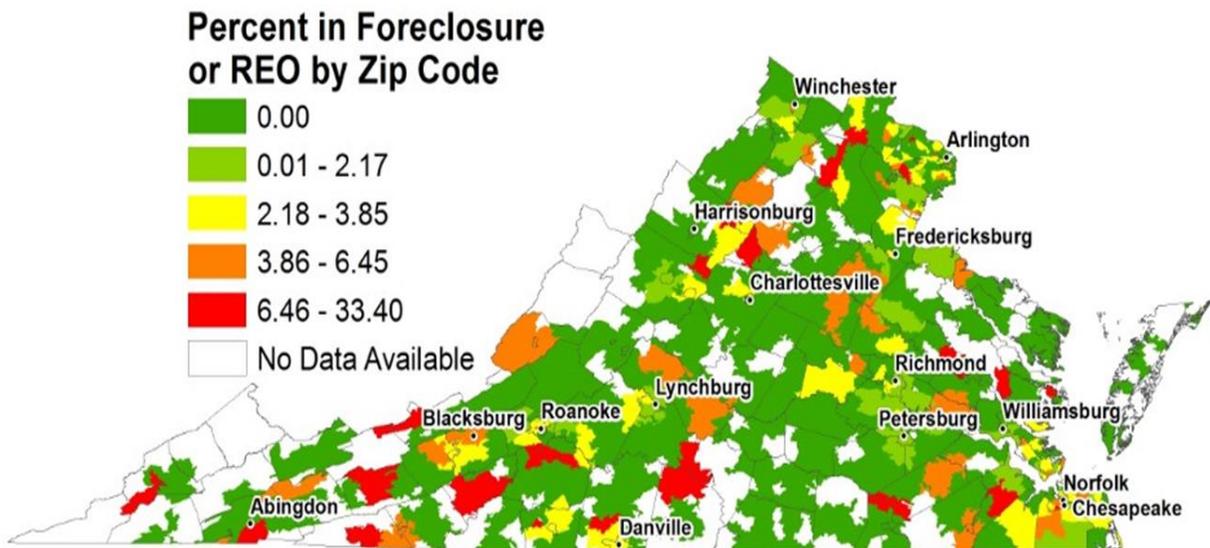
Percentage of Owner-Occupied Prime Loans with 90+ Day Delinquency: Virginia



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/Lender Processing Services (LPS) Applied Analytics (June 2015)

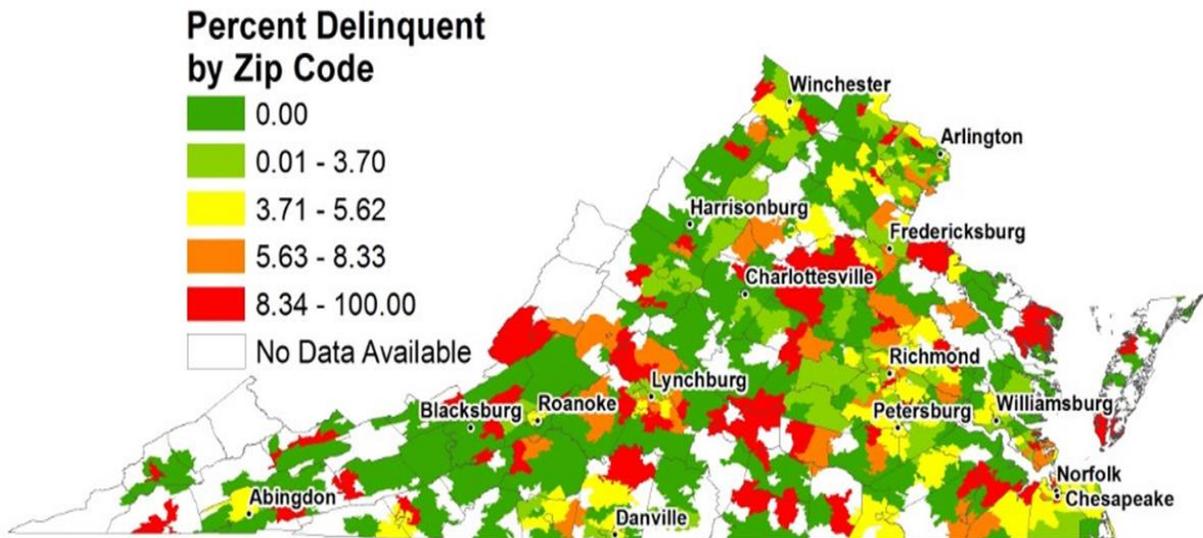
Percentage of Owner-Occupied Subprime Loans in Foreclosure or REO: Virginia



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/Lender Processing Services (LPS) Applied Analytics (June 2015)

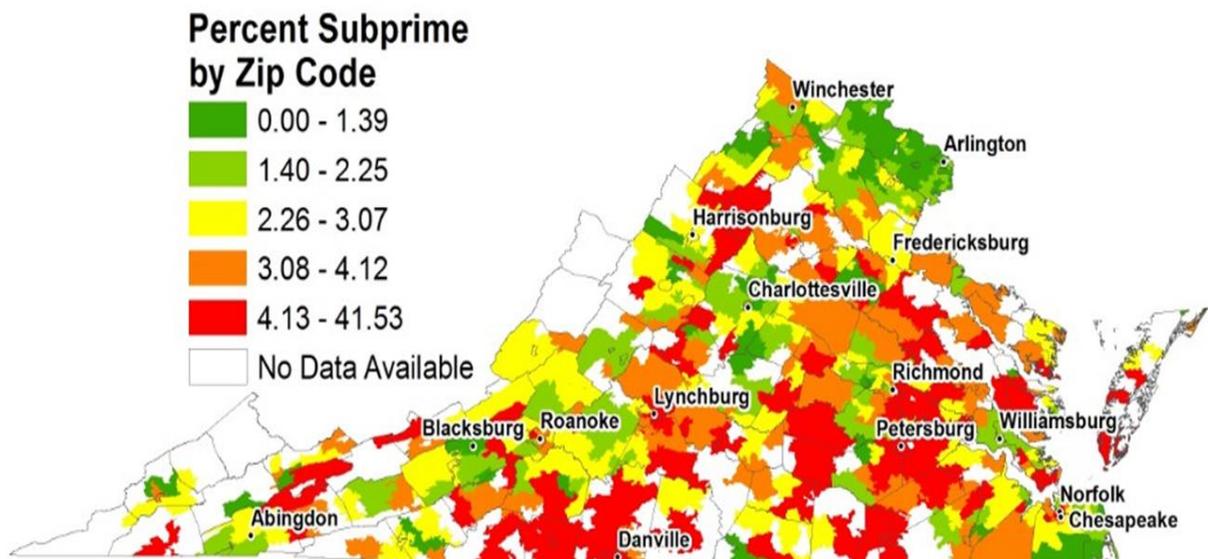
Percentage of Owner-Occupied Subprime Loans with 90+ Day Delinquency: Virginia



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/Lender Processing Services (LPS) Applied Analytics (June 2015)

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.

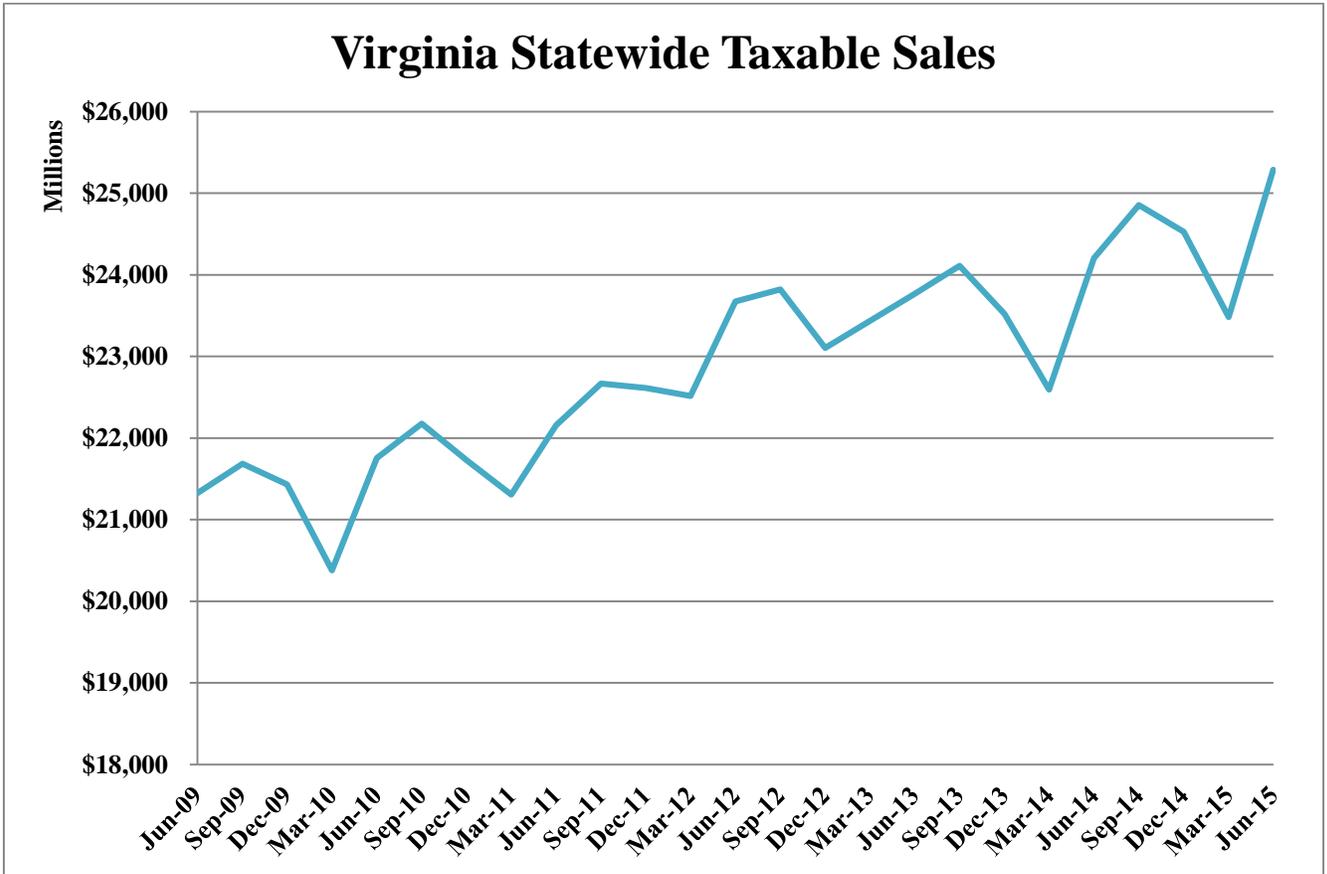
Source: Federal Reserve Bank of Richmond/Lender Processing Services (LPS) Applied Analytics (June 2015)

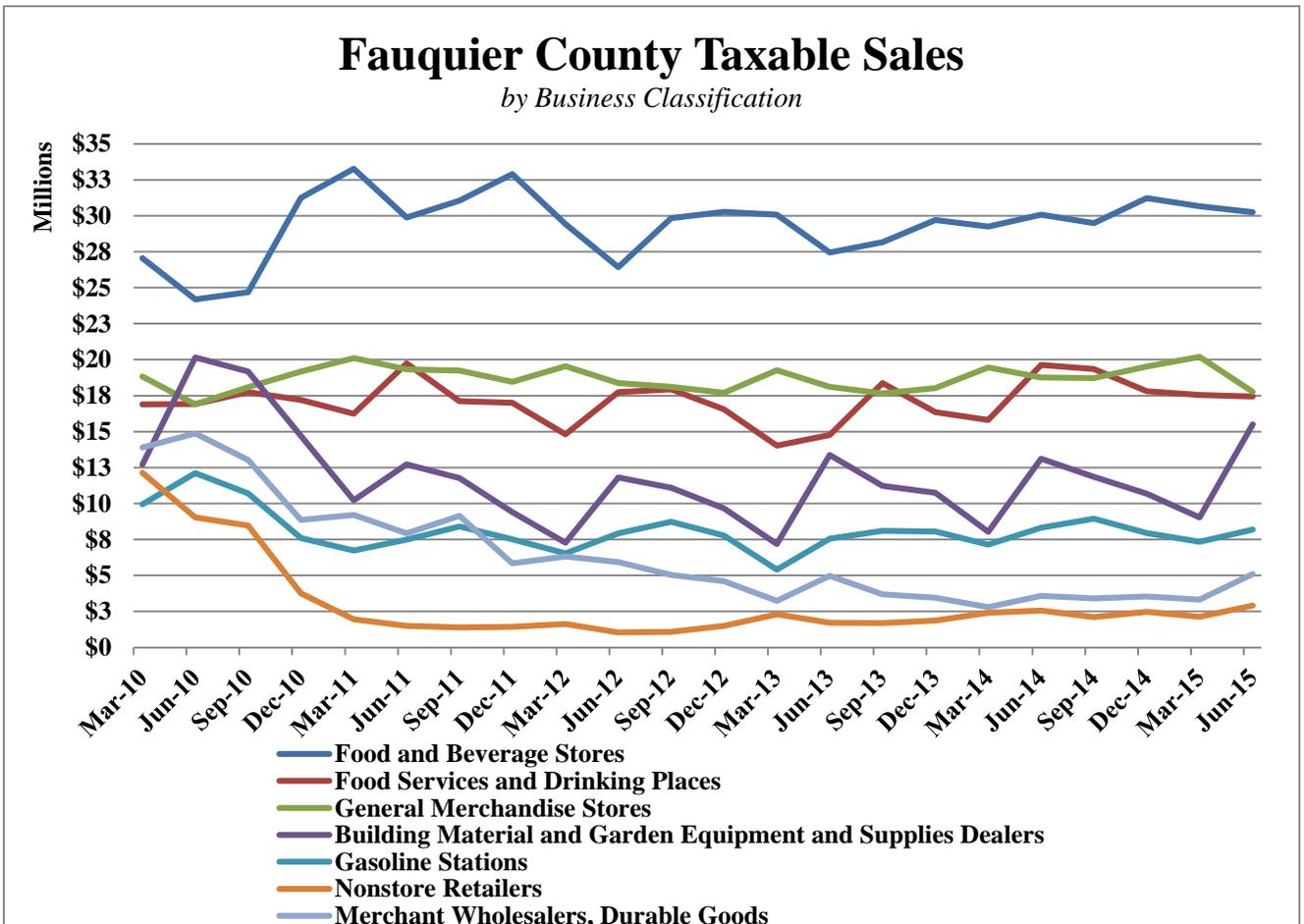
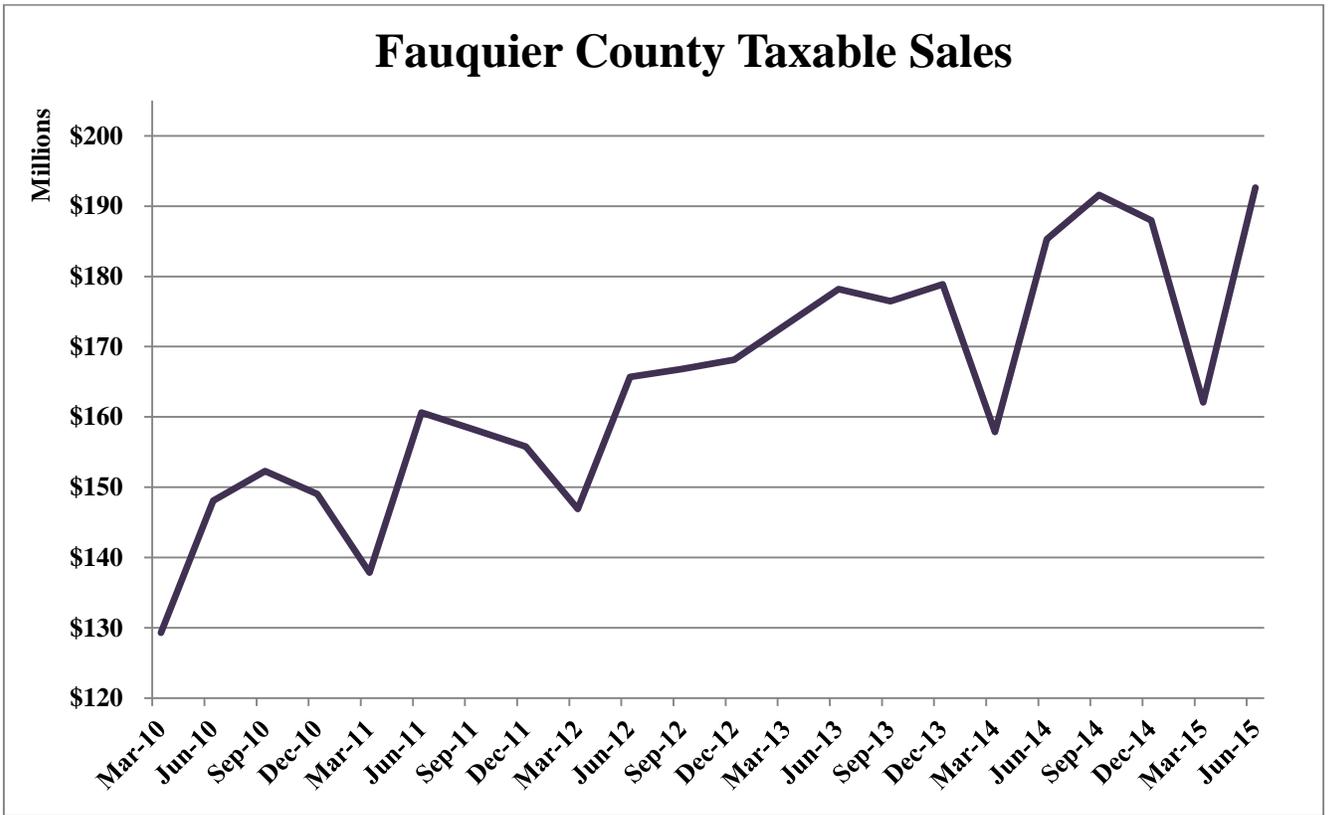
3. Taxable Sales

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

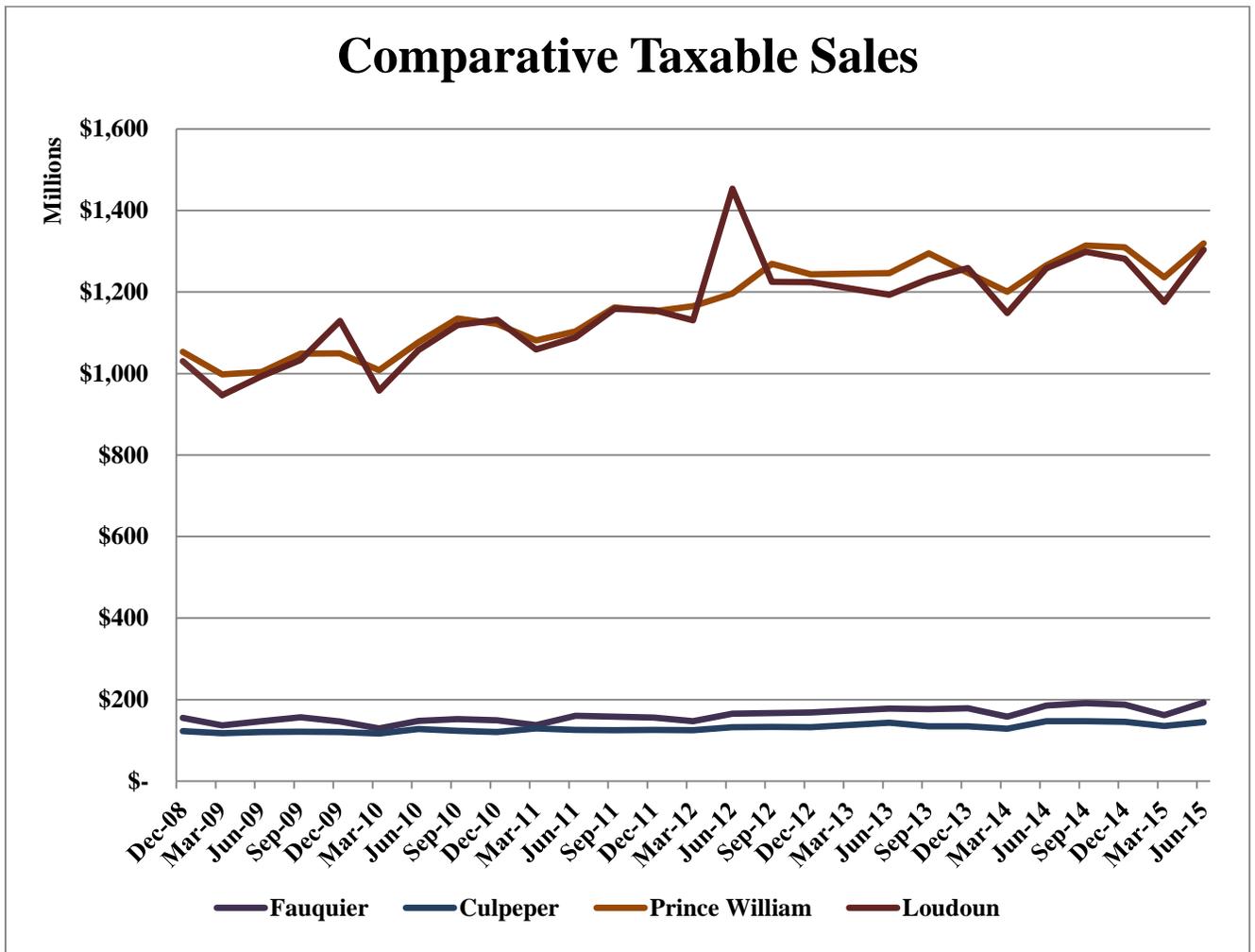
- Virginia statewide taxable sales;
- Fauquier County taxable sales;
- Fauquier County total taxable sales for business classifications with sales in excess of \$10 million at the beginning or end of the recession; and
- Fauquier County taxable sales in comparison to Prince William, Loudoun, and Culpeper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

The County’s taxable sales increased 18.9% in the fourth quarter of FY 2015, combined with seasonal fluctuation. Overall during FY 2015, the County’s taxable sales increased 5.1% compared to FY 2014. While food and beverage stores sales declined slightly in the fourth quarter of FY 2015, sales in food and beverage places rose 44%. In addition, during FY 2015, merchant wholesalers, gasoline stations, nonstore retailers, and building and garden material supplies continued to experience positive growth with normal seasonal fluctuation. Overall, the County’s taxable sales continue to experience positive growth.





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.