Fauquier County
Economic Indicators

December 31, 2013
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 trends as a quick snapshot of the market today which can indicate where the market is moving or of historical trends to display the trends of the market 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, or local government and the private sector. The information collected is based on 8 key categories for both current and historical trends: bankruptcy filings, businesses, community development fees and permit issuances, employment, environmental services tonnage data, 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.

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 began to show the first signs of sustained growth in FY 2013, and have shown continued growth so far in FY 2014. While FY 2013 marked the first year of annual year-over-year growth, up 22% from FY 2012, FY 2014 is currently up 59% from the same time period during FY 2013.
Community Development	Building & new residential construction permits	⇧	New residential construction permits continue to show improvement through the first six months of FY 2014, up 61% from the same period in FY 2013. A third year of consecutive growth was observed for the number of building permits issued YTD, up 10% of the same time period in FY 2013.
Employment	Unemployment rate	-	The county's unemployment rate remains one of the 25 lowest in the State at 4.1% as of December 2013, 18th lowest overall.
Employment	Unemployment insurance claims	-	Continued and initial claims continued to decline with limited seasonal fluctuations.
Environmental Services	Landfill tonnage	-	Landfill tonnage remains stable.
Environmental Services	Recycling tonnage	⇧	FY 2014 recycling tonnage is currently tracking slightly ahead of tonnage recorded for FY 2013. In particular, recycling has begun to experience recovery in the construction and demolition recycling area that may be correlated to the increased permitting activity.
Local Revenue	County sales tax collections	⇧	Sales tax collections continue to experience year-over-year increasing, with a YTD increase of 4% over last year. To date, County sales tax collections do not appear to have been impacted by the federal shut down.
Residential Housing Market	Days houses are on market	-	The average number of days houses are on the market has increased slightly in the fall/winter months, similar to prior years.
Residential Housing Market	Median sales price	-	During FY 2014, median sales prices within the County as well as select surrounding counties remained relatively stable, experiencing only a slight decline during the first two quarters.
Residential Housing Market	Foreclosures and short sale listings	-	Foreclosure and short sale listings remain stable.
Residential Housing Market	Number of homes sold	⇧	The number of home sales remains relatively stable, despite the slight decrease of active listings in FY 2014.

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
Bankruptcy Filings	Number of bankruptcy filings	-	The number of bankruptcy filings for both business and non-business filings continued to decline incrementally throughout 2012. NOTE: the 2013 data is currently unavailable.
Businesses	Number of new licenses issued	⇧	FY 2013 marked the first year of growth in the number of new licenses issued for businesses since the recession.
Businesses	Number of startup firms	-	Significant seasonal fluctuation remains concerning the estimated number of start-up firms, and will continue to be monitored over time.
Residential Housing Market	Foreclosures by loan type	⇧	As of September 2013, the number of owner-occupied prime loans in foreclosure in the County dropped slightly while owner-occupied subprime loans in foreclosure dropped significantly from 2012. The County's exposure to subprime loans for owner-occupied mortgage has declined slightly.
Taxable Sales	Taxable sales	⇧	Taxable sales continue to improve year-over-year with maintained improvement in key areas of sales including building materials and food and beverage establishments.

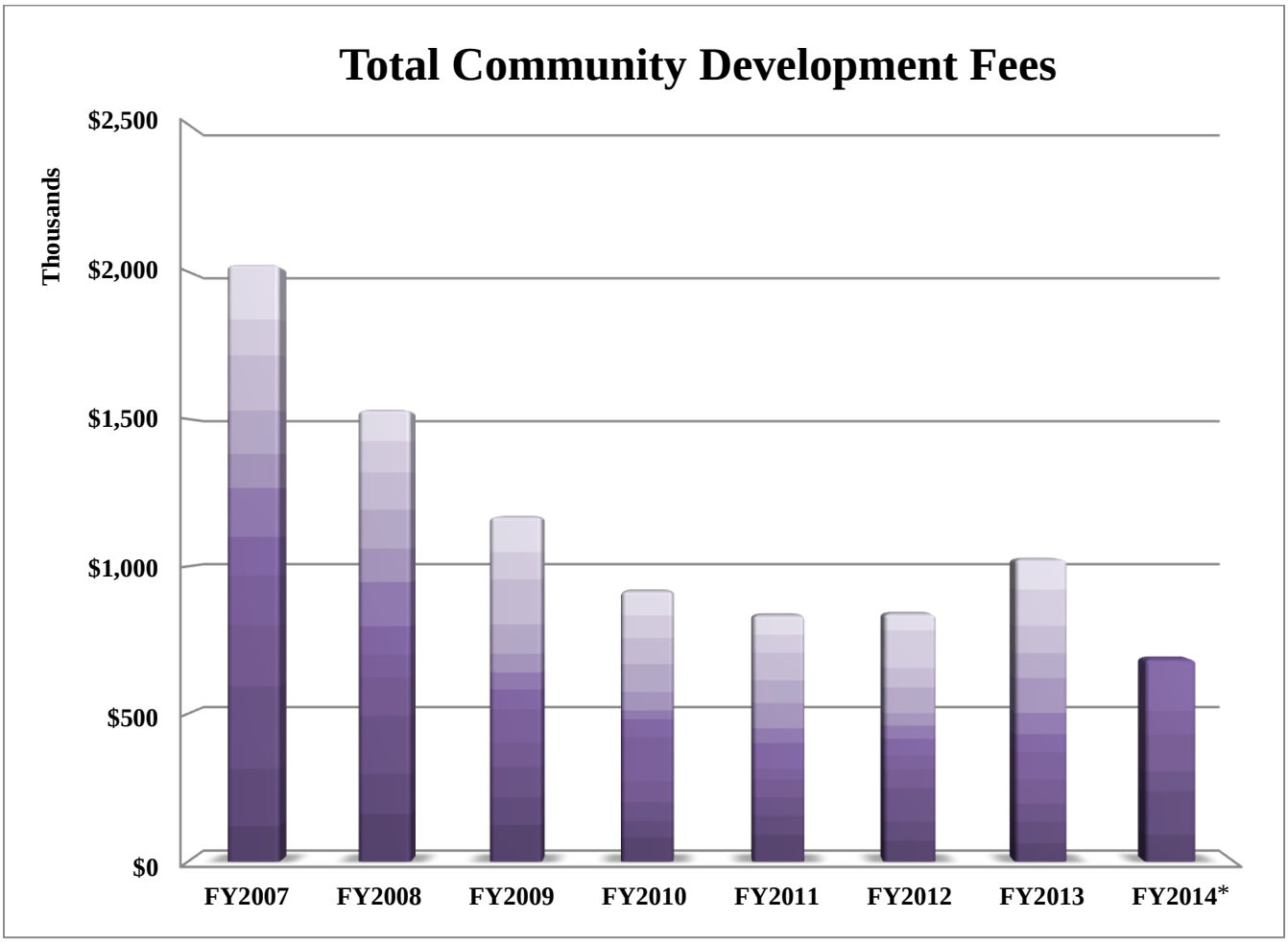
III. Economic Indicators – Data

A. Current Economic Indicators Data

1. Community Development

a) Community Development Fees

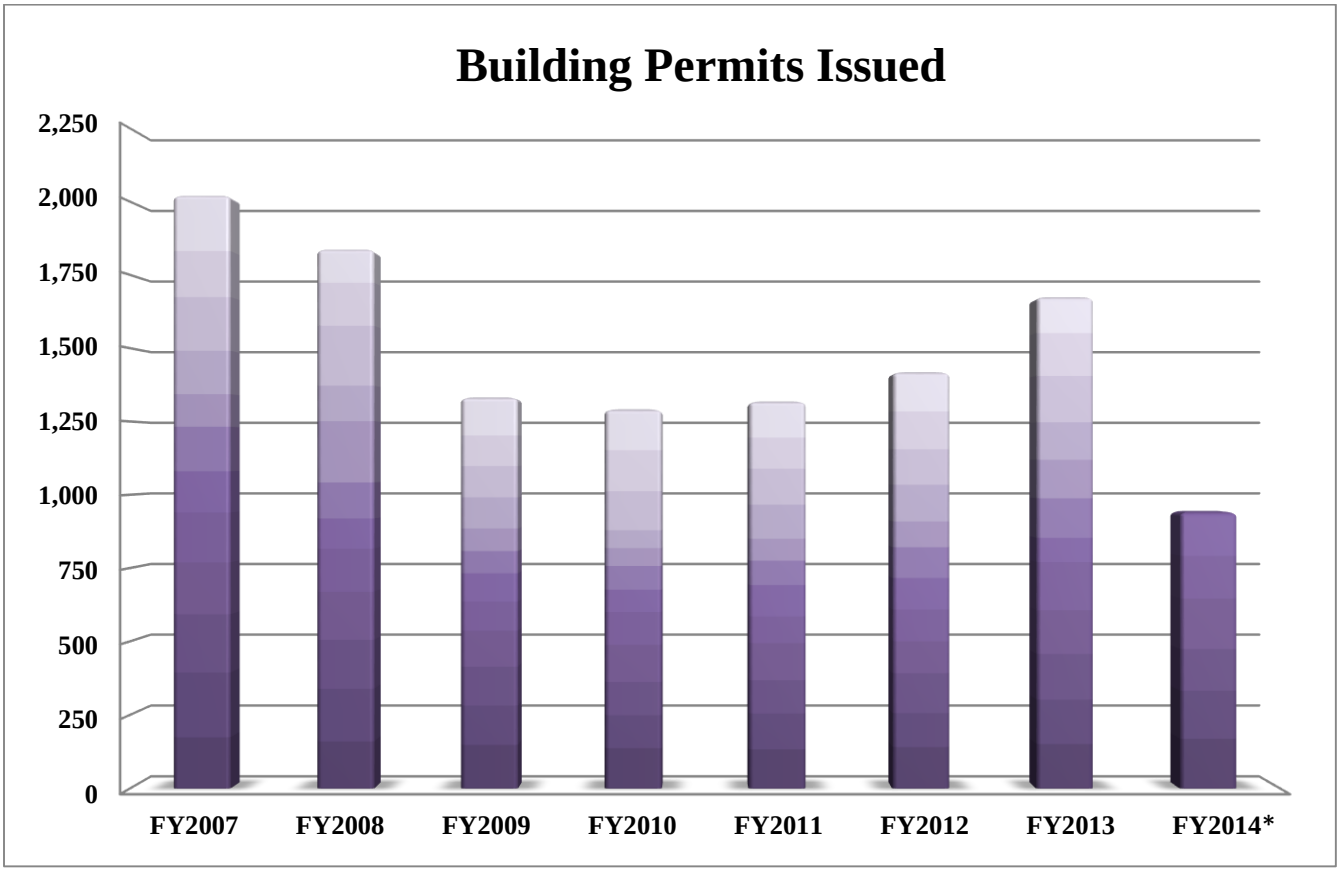
In FY 2013, Community Development Fee revenue experienced the first year of marked growth since the downturn, and the first year of revenue in excess of $1 million since the recession. To date, FY 2014 is currently up 59% from the same time period of FY 2013, showing trends towards a more sustained annual growth.



Source: Community Development
*FY 2014 Data includes data as of 31 December 2013

b) Building Permits

FY 2014 marks the second year of growth in building permits since the beginning of the recession, with a 10% year to date increase over FY 2013. New residential construction permits has so far experienced their largest year to date increase since the downturn. Between FY 2009 and FY 2012, new home construction permits increased on average 16% year-over-year. In FY 2013, new home construction permits increased by 47.5% over the prior year, and so far in FY 2014 they have increased by 61% over the same time period of FY 2013.



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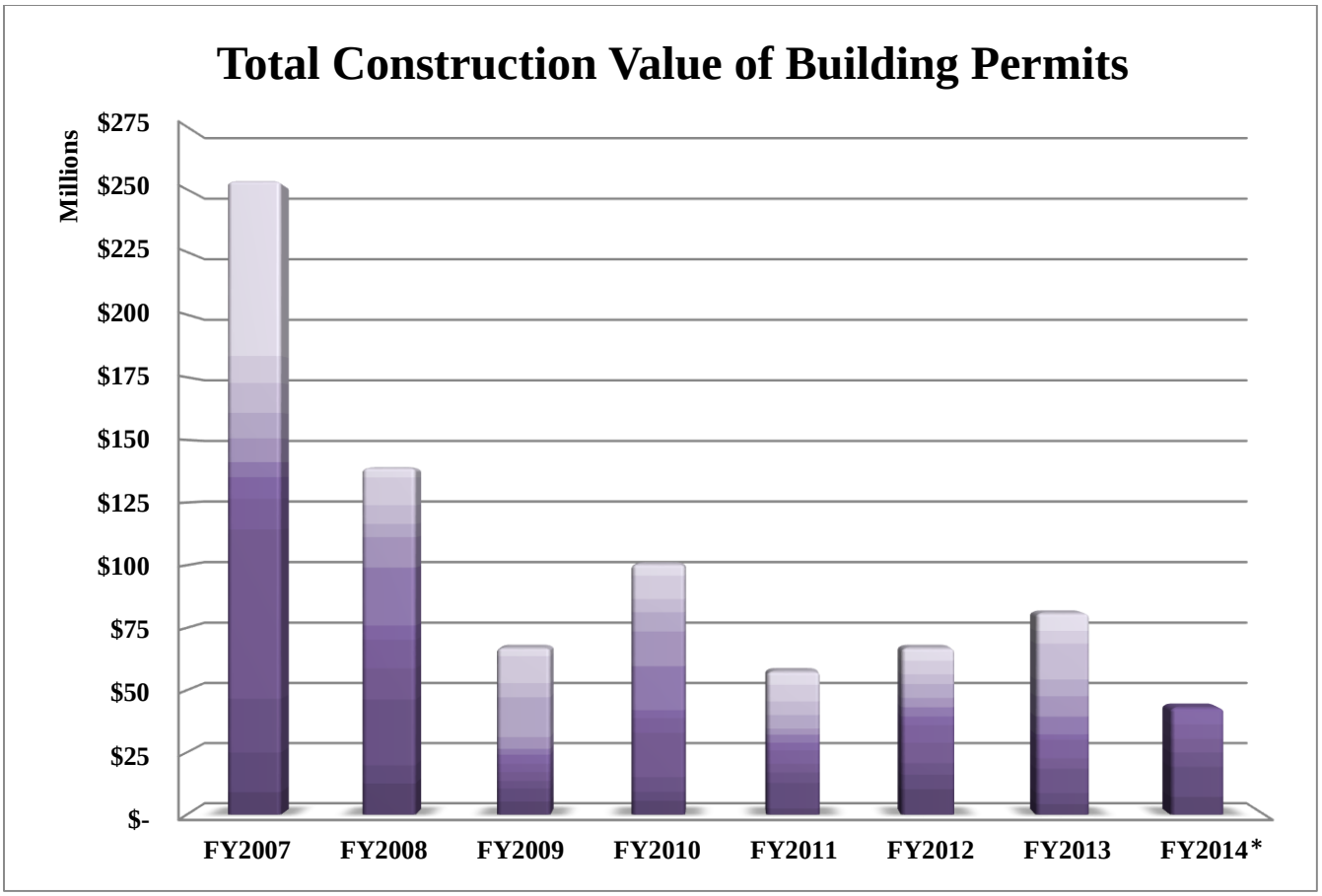

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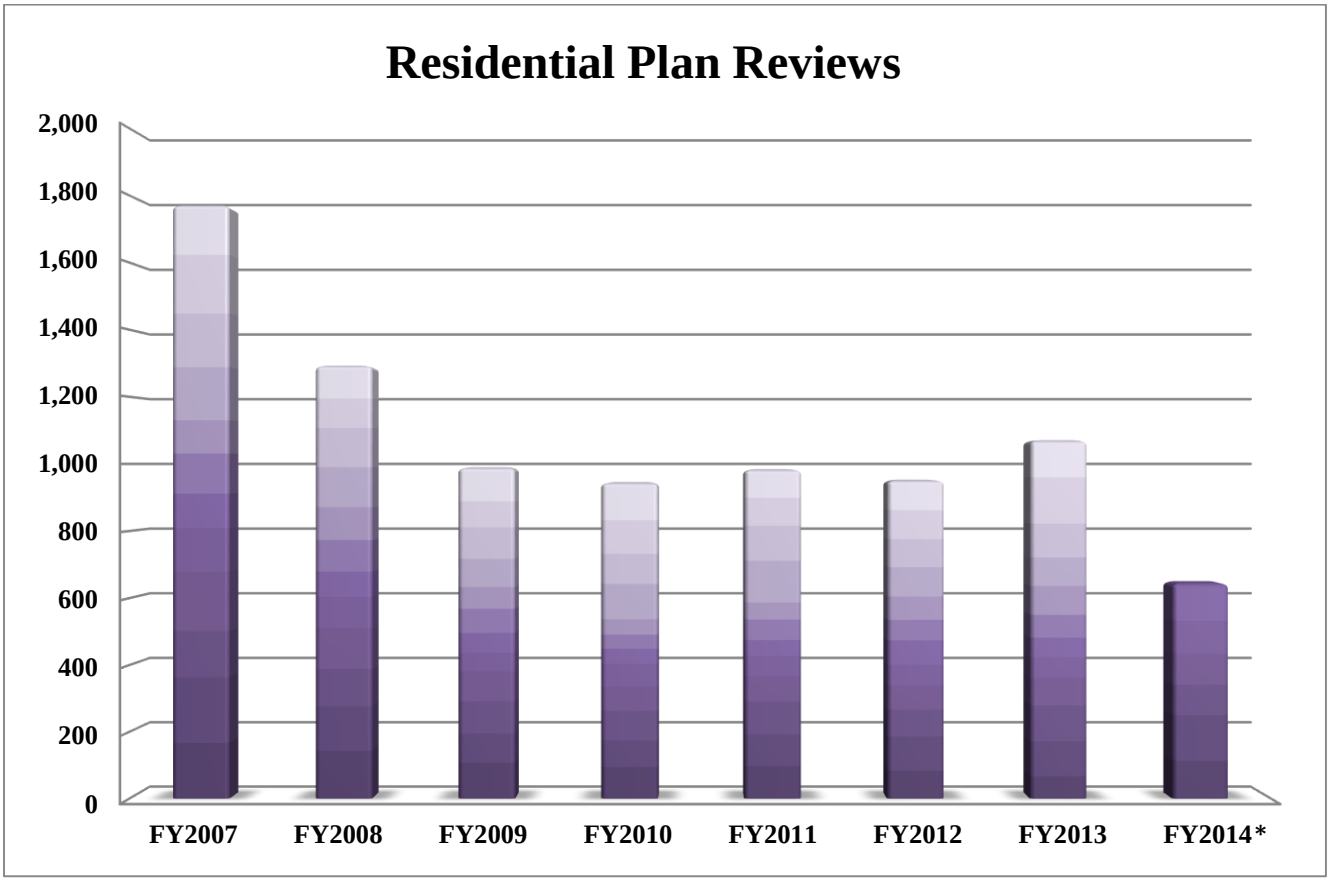

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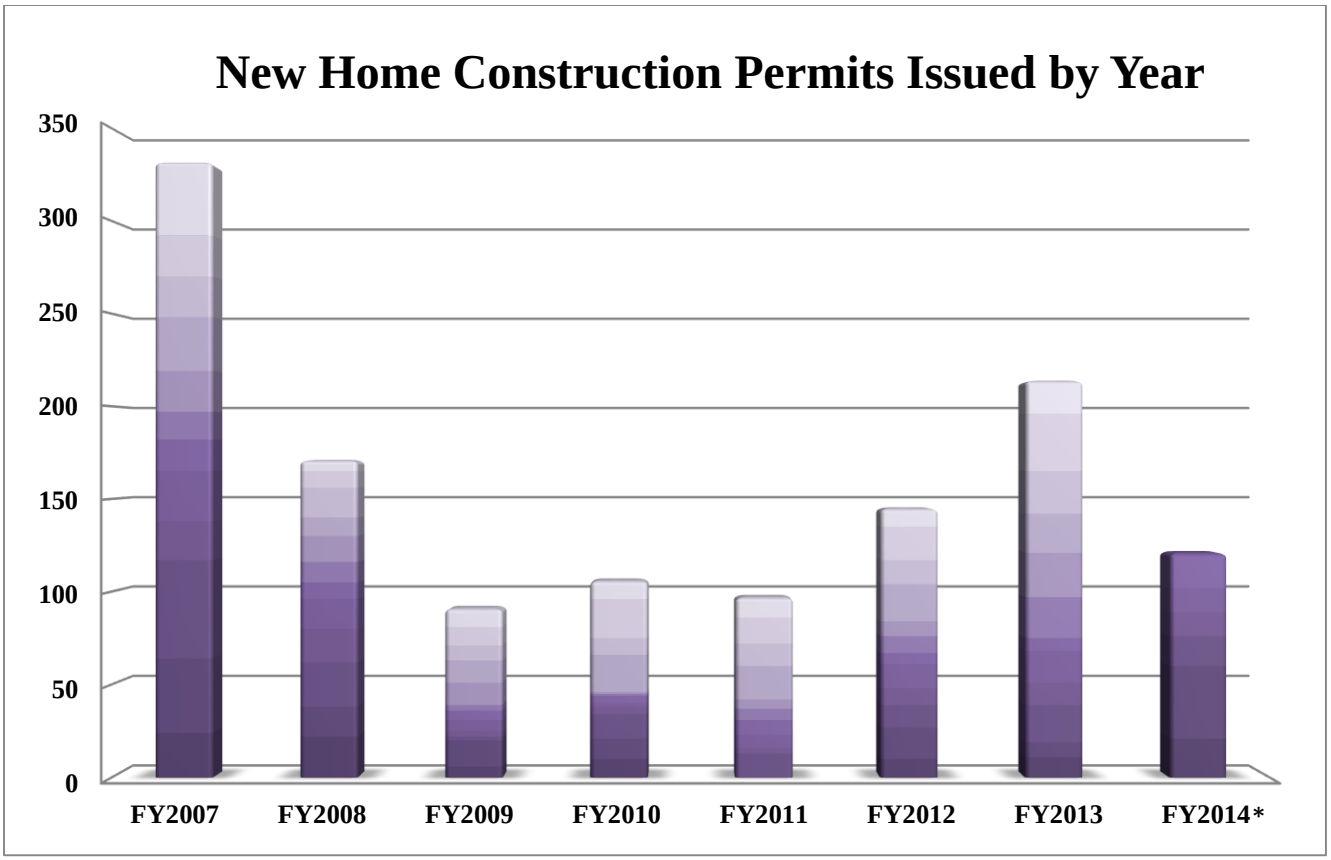
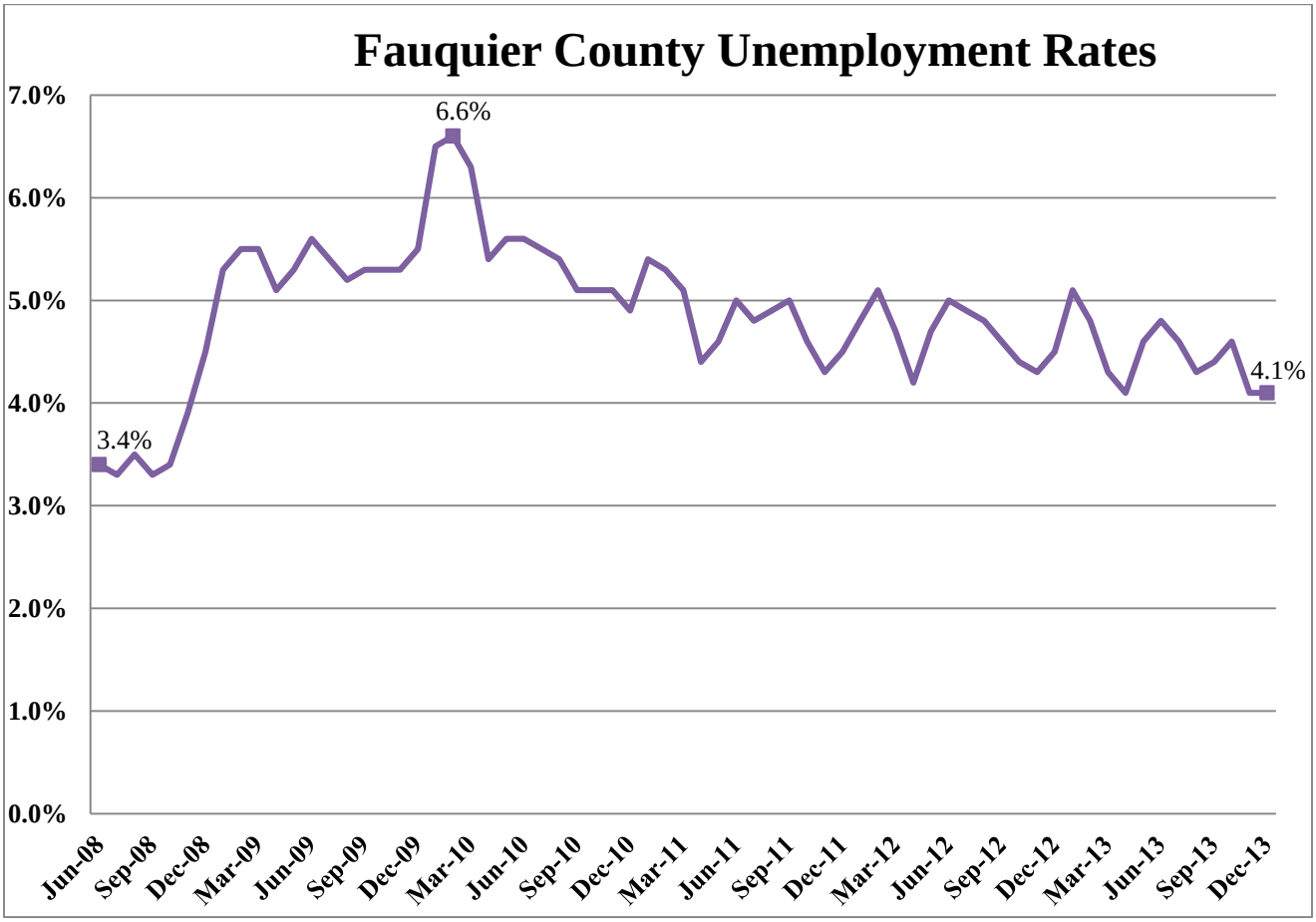


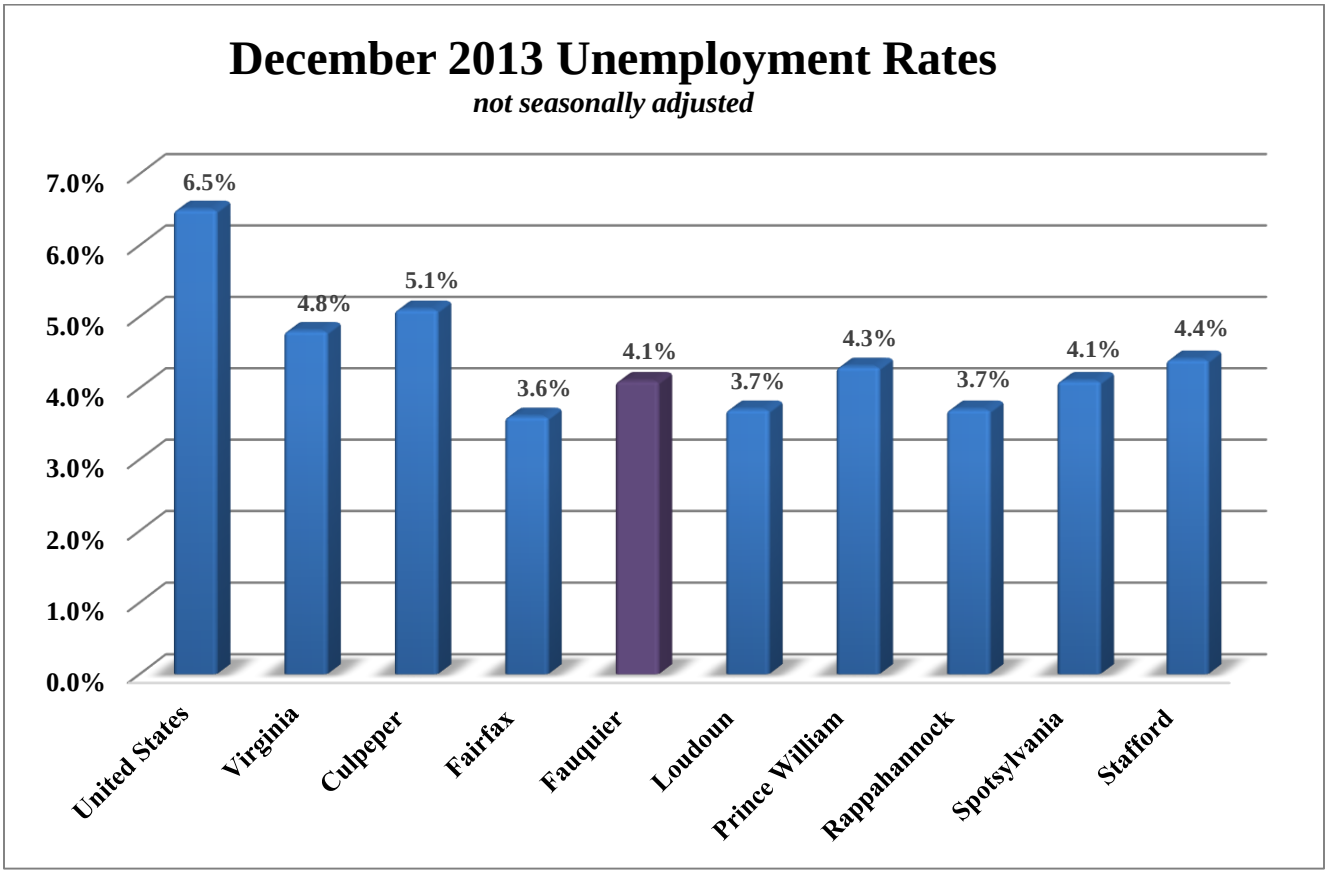
Source: Community Development
*FY 2014 Data includes data as of 31 December 2013

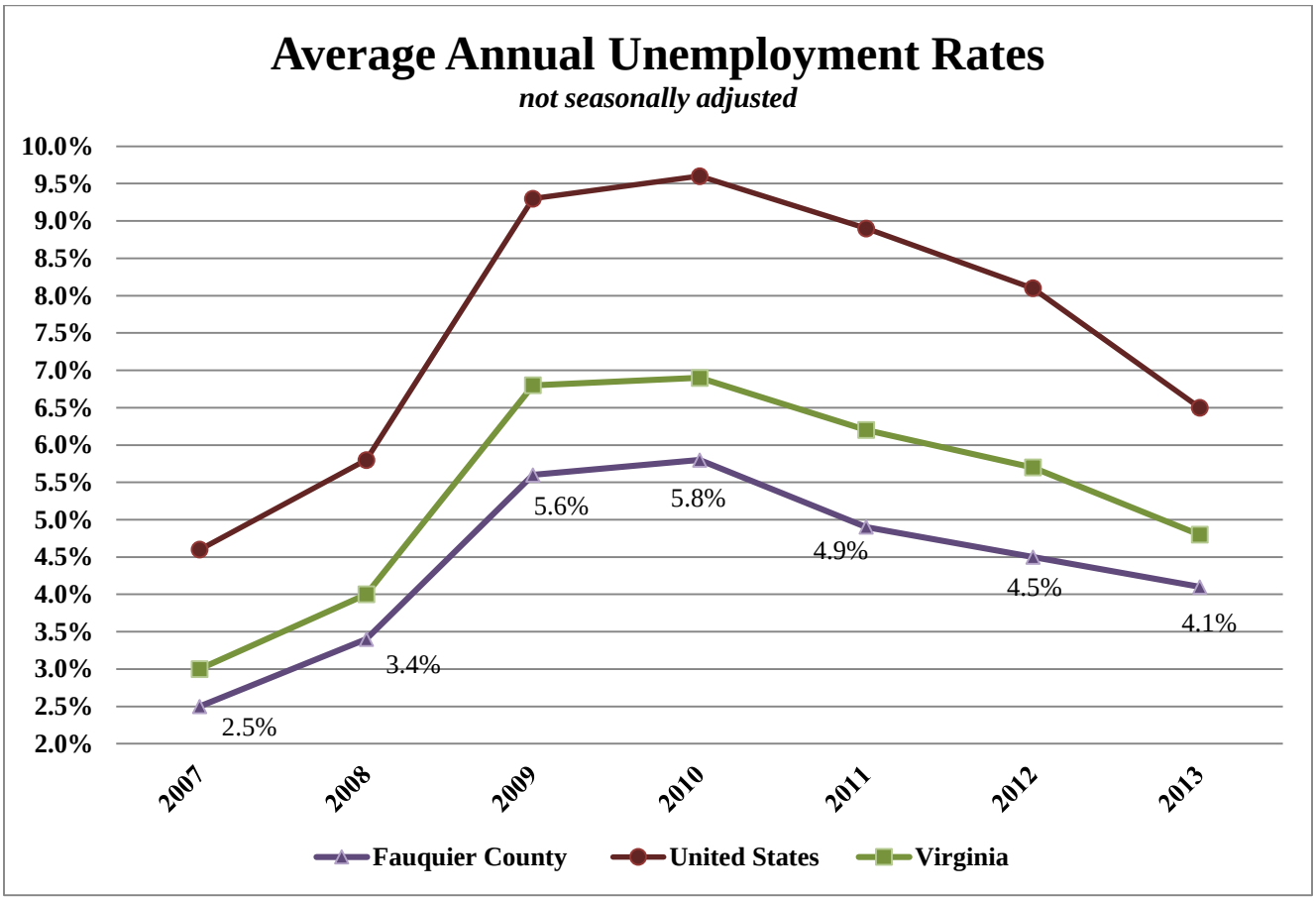
2. Employment

a) Unemployment Rates

Unemployment for the United States and the Commonwealth of Virginia continues to slowly recover with marked improvements over the past 18 to 24 months. The Fauquier County unemployment rate remains on a slow decline. In comparison to other local jurisdictions, Fauquier County's December 2013 unemployment rate of 4.1% trails Fairfax, Loudoun, and Rappahannock; is ahead of Prince William, Culpeper, and Stafford; and is equal to Spotsylvania. Overall for the Commonwealth, Fauquier County ranked 18th behind other counties such as Arlington, Fairfax, Loudoun, Greene, and Rappahannock; and was equal to Frederick, Spotsylvania, and Alexandria City.



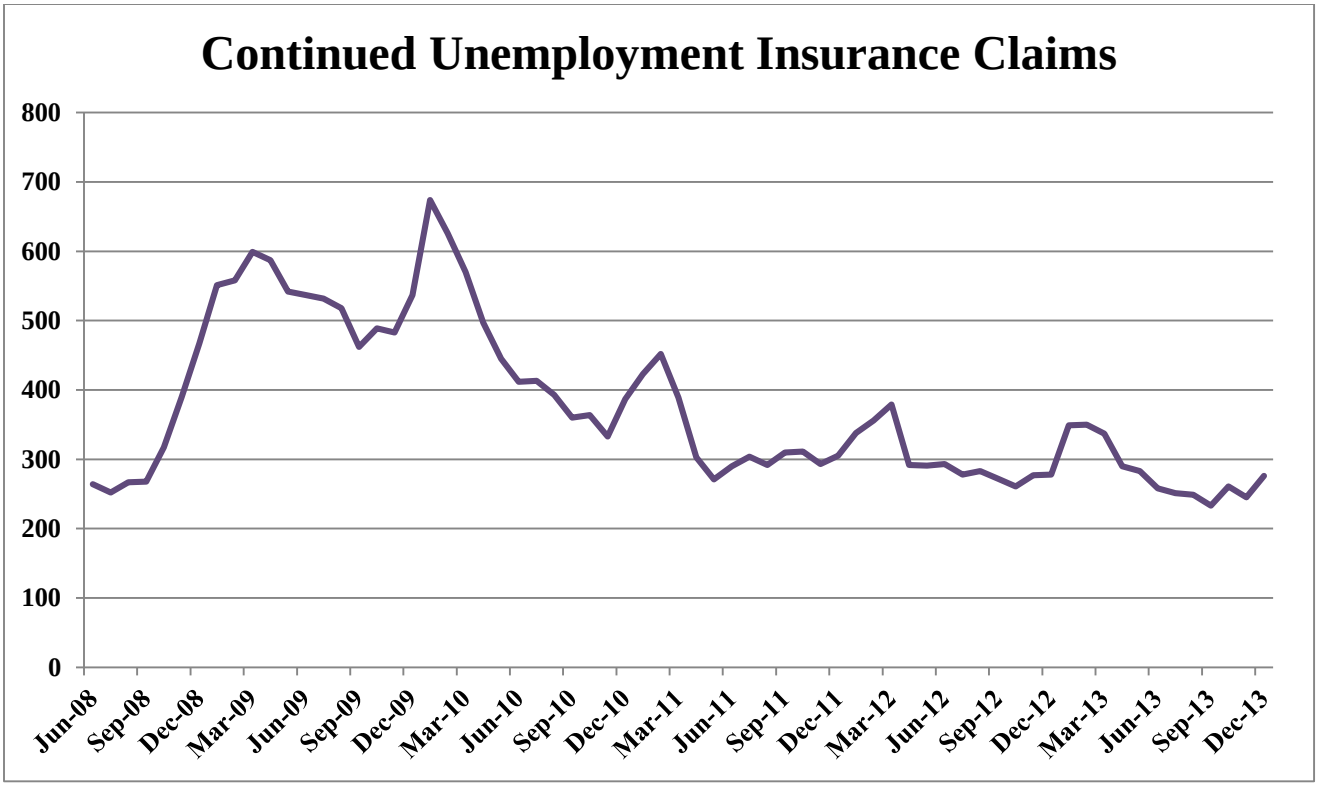


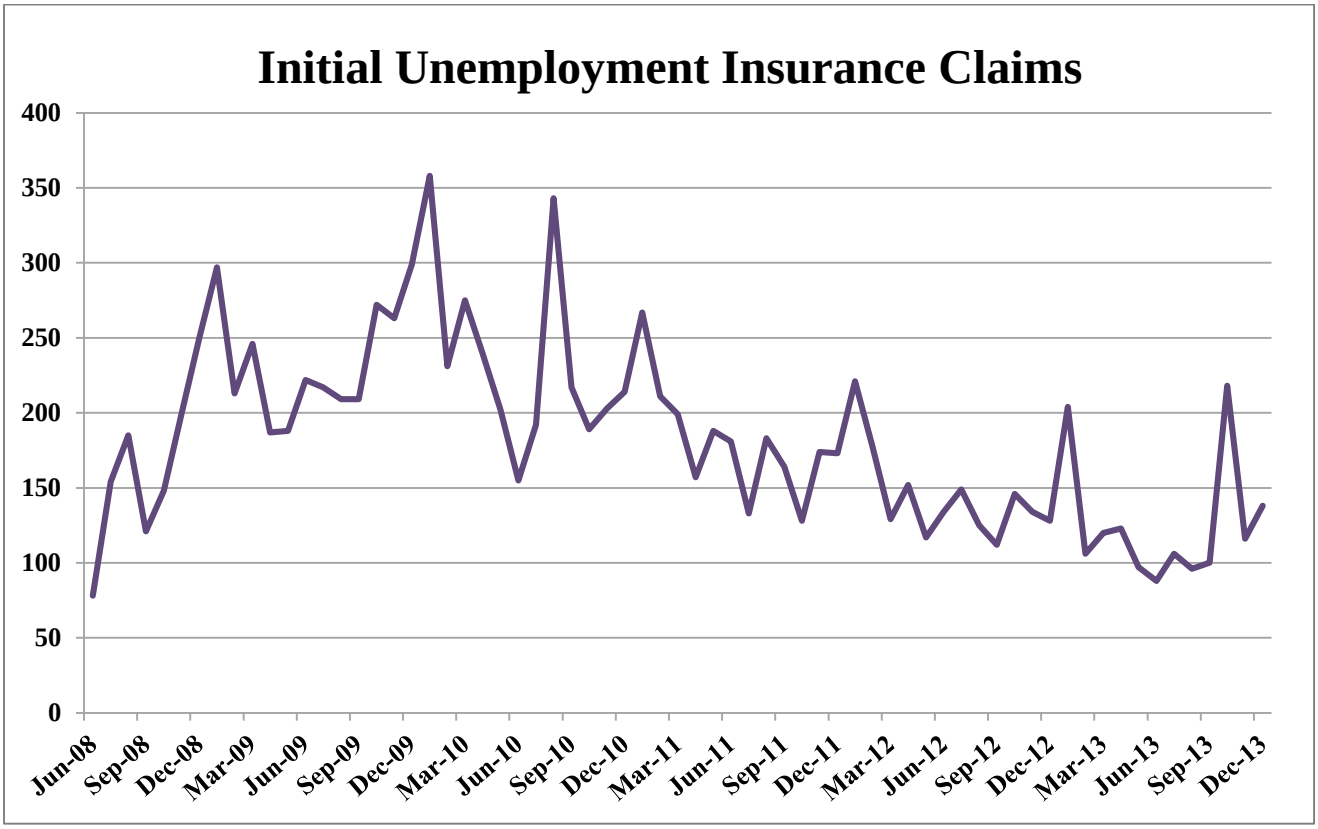


Source: Virginia Employment Commission

b) Unemployment Insurance Claims

Continued claims have slowly declined over the last 18 months with only seasonal fluctuation. Initial claims have had a slight increase during the last two quarters, the majority of which is credited to normal seasonal fluctuation.

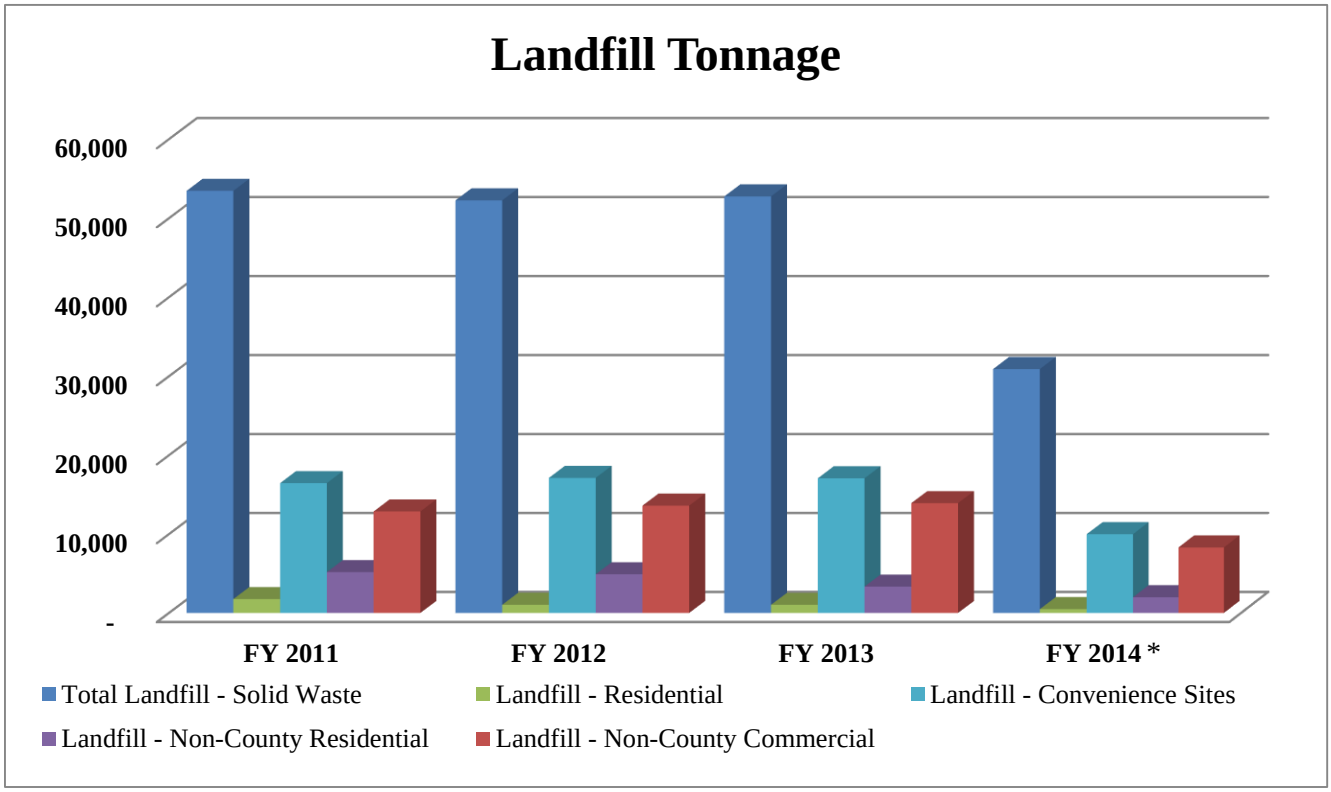




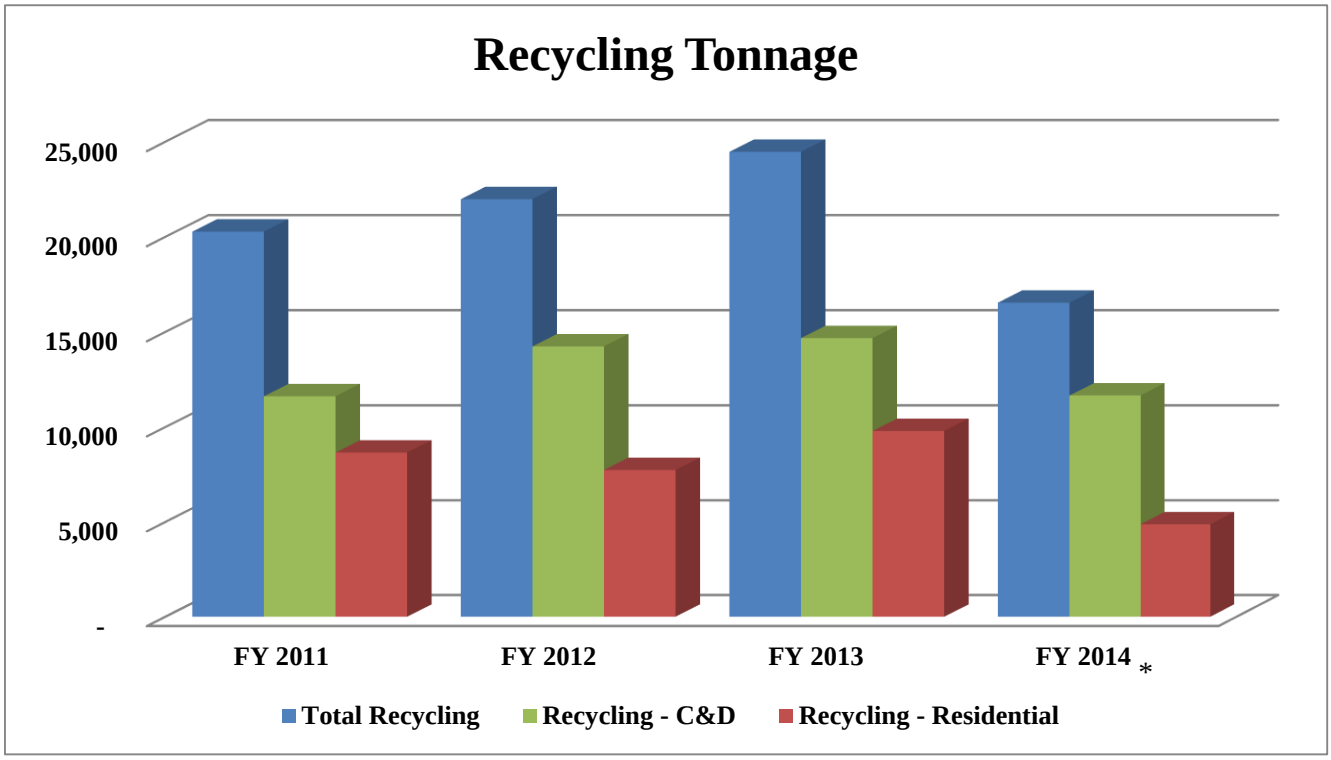
Source: Virginia Employment Commission

3. Environmental Services

Overall, landfill and recycling tonnage in FY 2014 remains stable to slightly improving. In FY 2013, recycling tonnage experienced marked improvement both in residential and construction/demolition. The increase in tonnage for construction/demolition recycling is indicative of the growth in permitting activity.



*FY 2014 Data includes data as of 31 December 2013



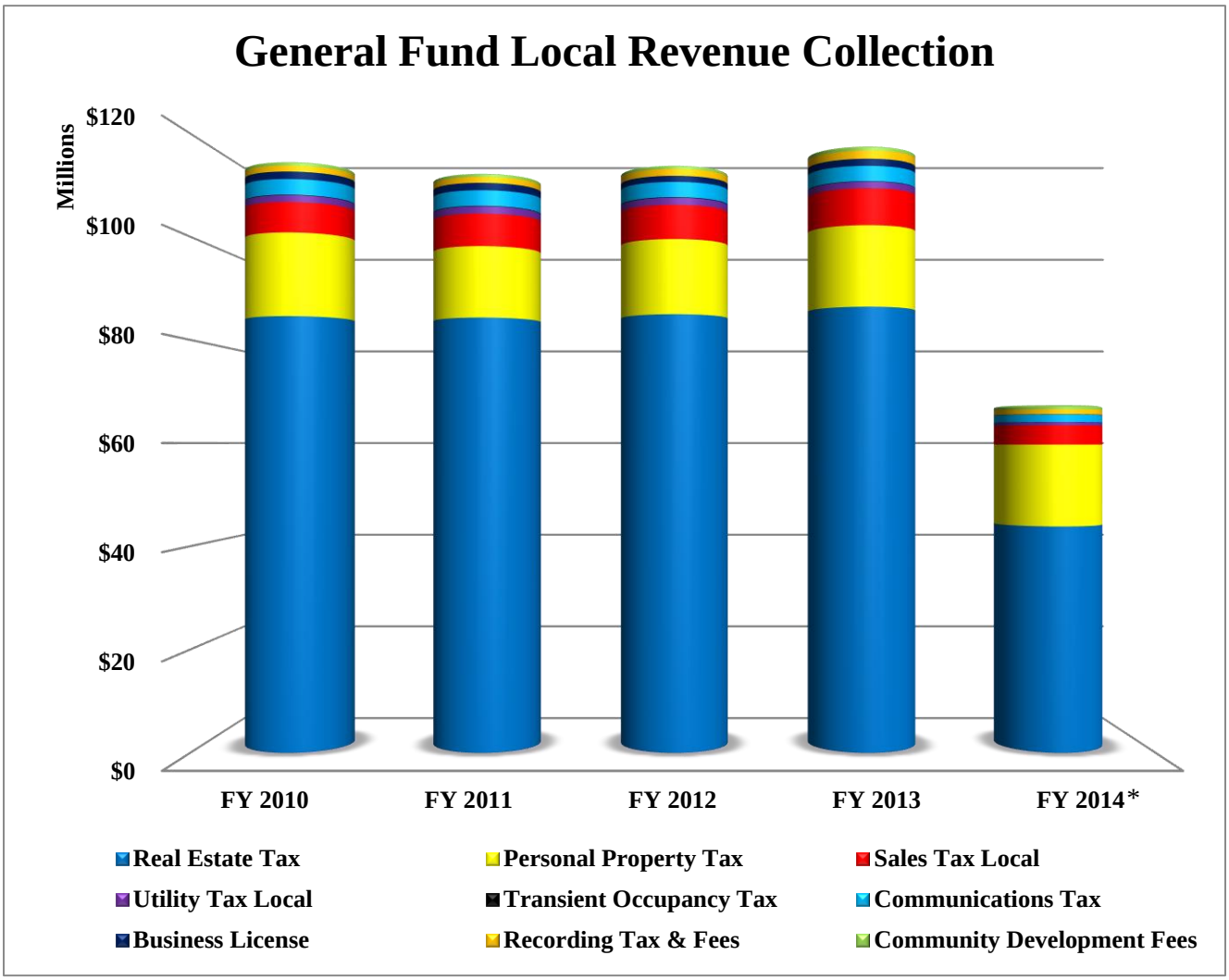
Source: Environmental Services
*FY 2014 Data includes data as of 31 December 2013

4. 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, communication tax, recording tax and fees, business and other professional licensing tax and fees, and transient occupancy tax revenue.

a) General Fund local revenue collection

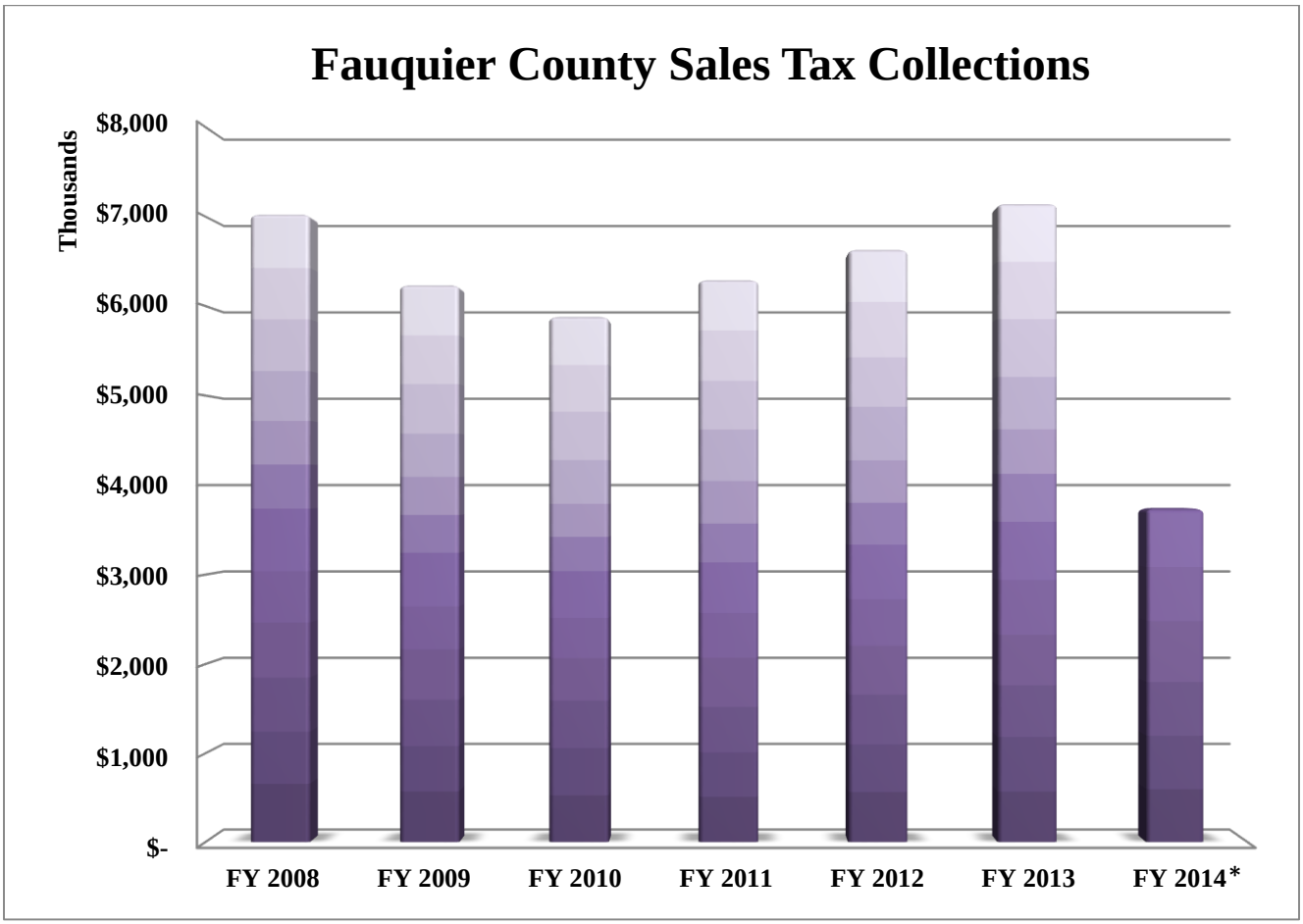
General Fund local revenues for the first six months of FY 2014 continue to show modest improvement in real estate, sales, and personal property taxes. Growth in real estate taxes is attributable to both a one-cent increase in the tax rate for the second-half of FY 2014 and continued growth in the base. Personal property tax and sales tax continue to experience year-over-year growth. Improvements in the real estate market have contributed to modest recovery in recording taxes and fees.



*FY 2014 Data includes data as of 31 December 2013

b) Sales Tax Revenue

Monthly sales tax collections continue to improve year-over-year. On a monthly basis when comparing collections to the prior year, FY 2014 shows the highest total collections for the same period since FY 2008, a 4% increase over the same period of FY 2013.



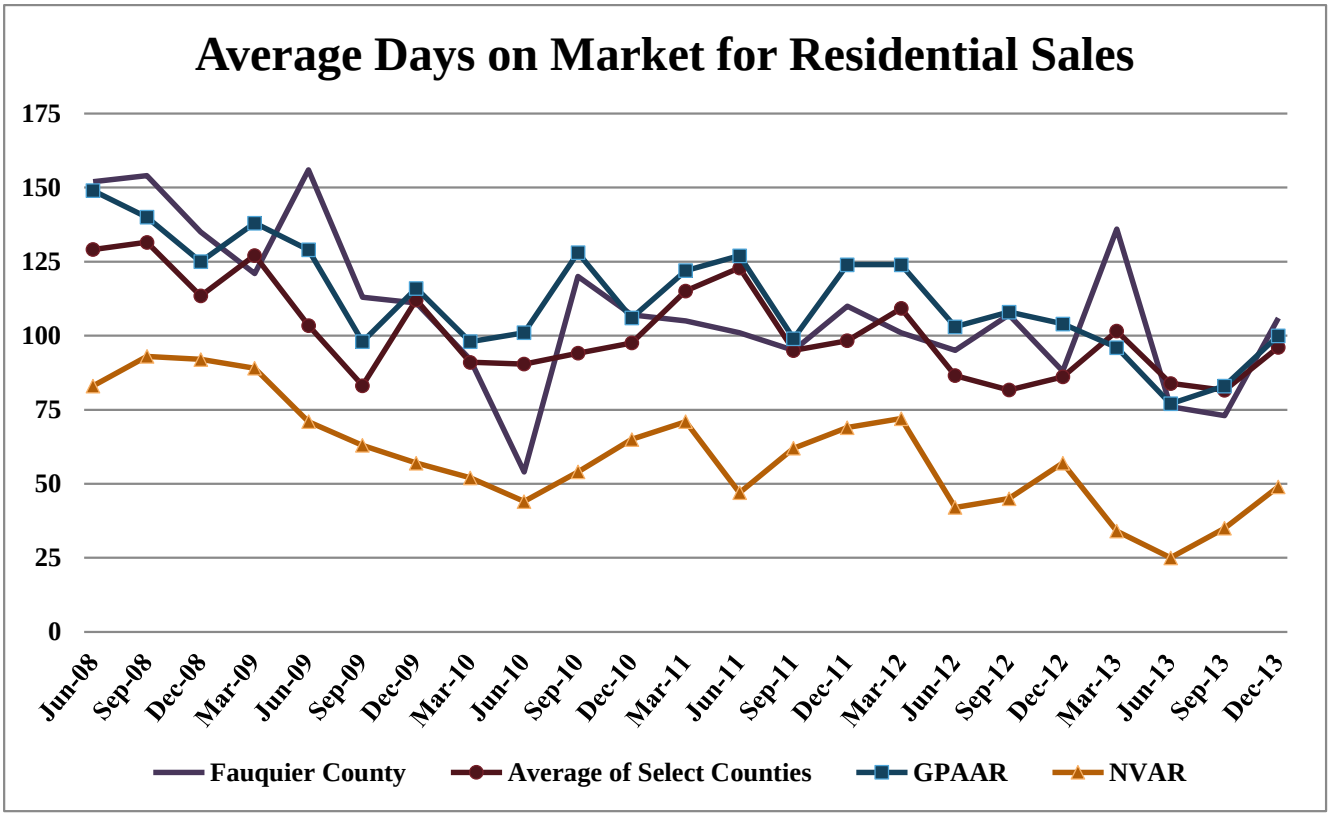
*FY 2014 Data includes data as of 31 December 2013

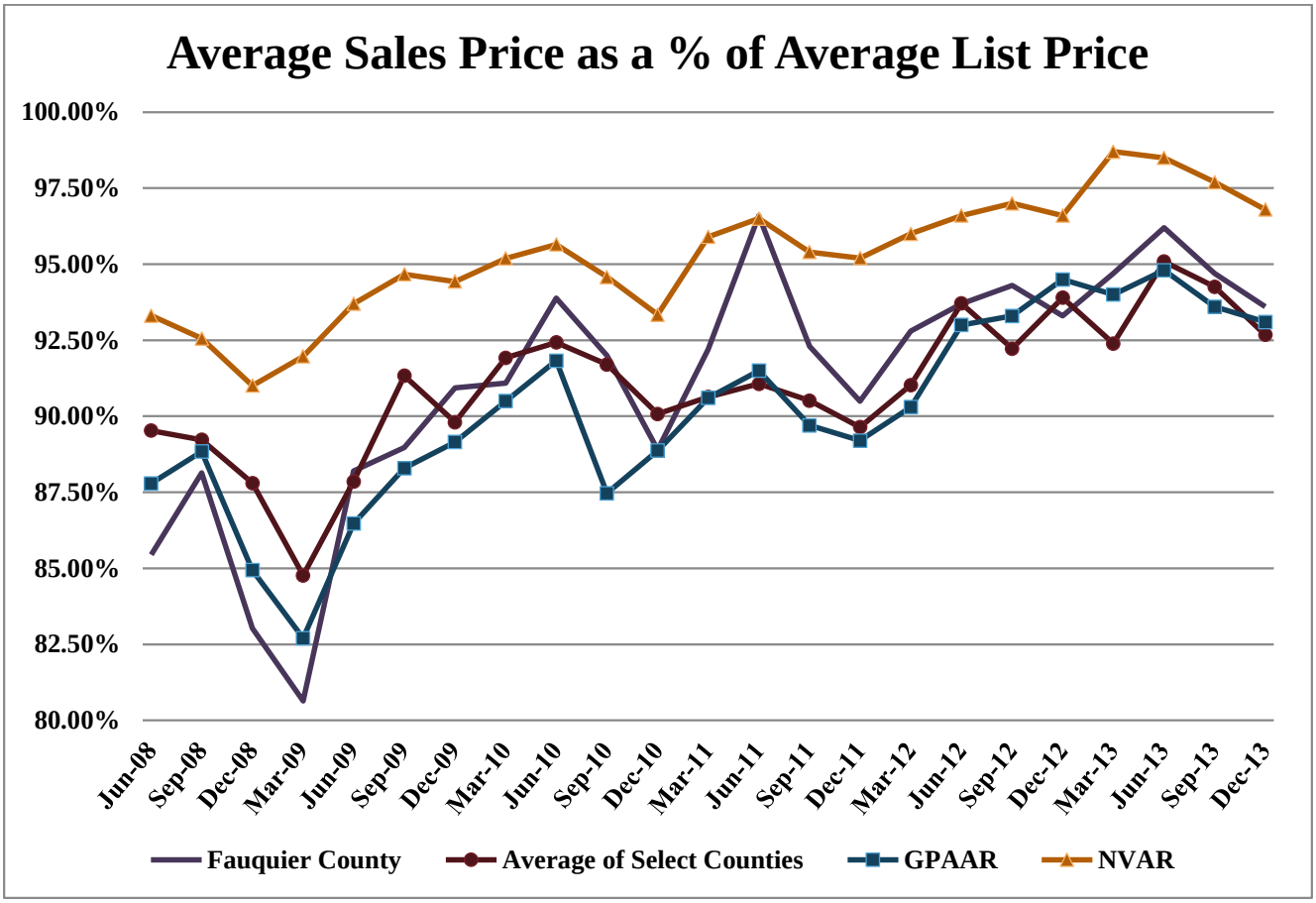
5. Residential Housing Market – Current Data

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 experienced stable growth over the last 12 to 18 months. The average number of days on the market has continued to decline overall with only seasonal increases, similar to the rest of the region. The sales price to list price ratio as well as the median home sales value has improved with smoother seasonal fluctuations than prior to 2012.




Average Sales Price as a % of Average List Price
100.00%
97.50%
95.00%
92.50%
90.00%
87.50%
85.00%
82.50%
80.00%
Jun-08
Sep-08
Dec-08
Mar-09
Jun-09
Sep-09
Dec-09
Mar-10
Jun-10
Sep-10
Dec-10
Mar-11
Jun-11
Sep-11
Dec-11
Mar-12
Jun-12
Sep-12
Dec-12
Mar-13
Jun-13
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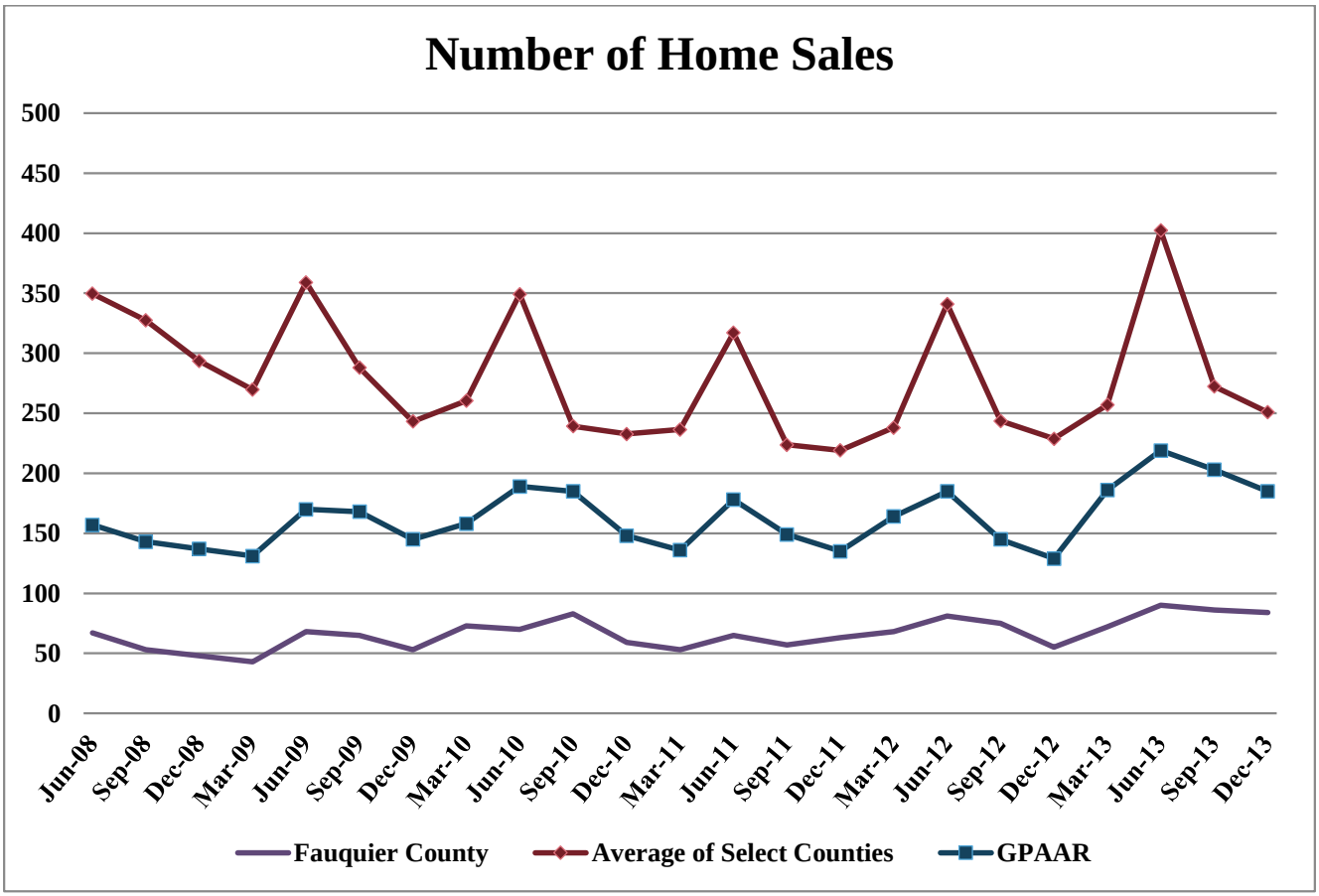
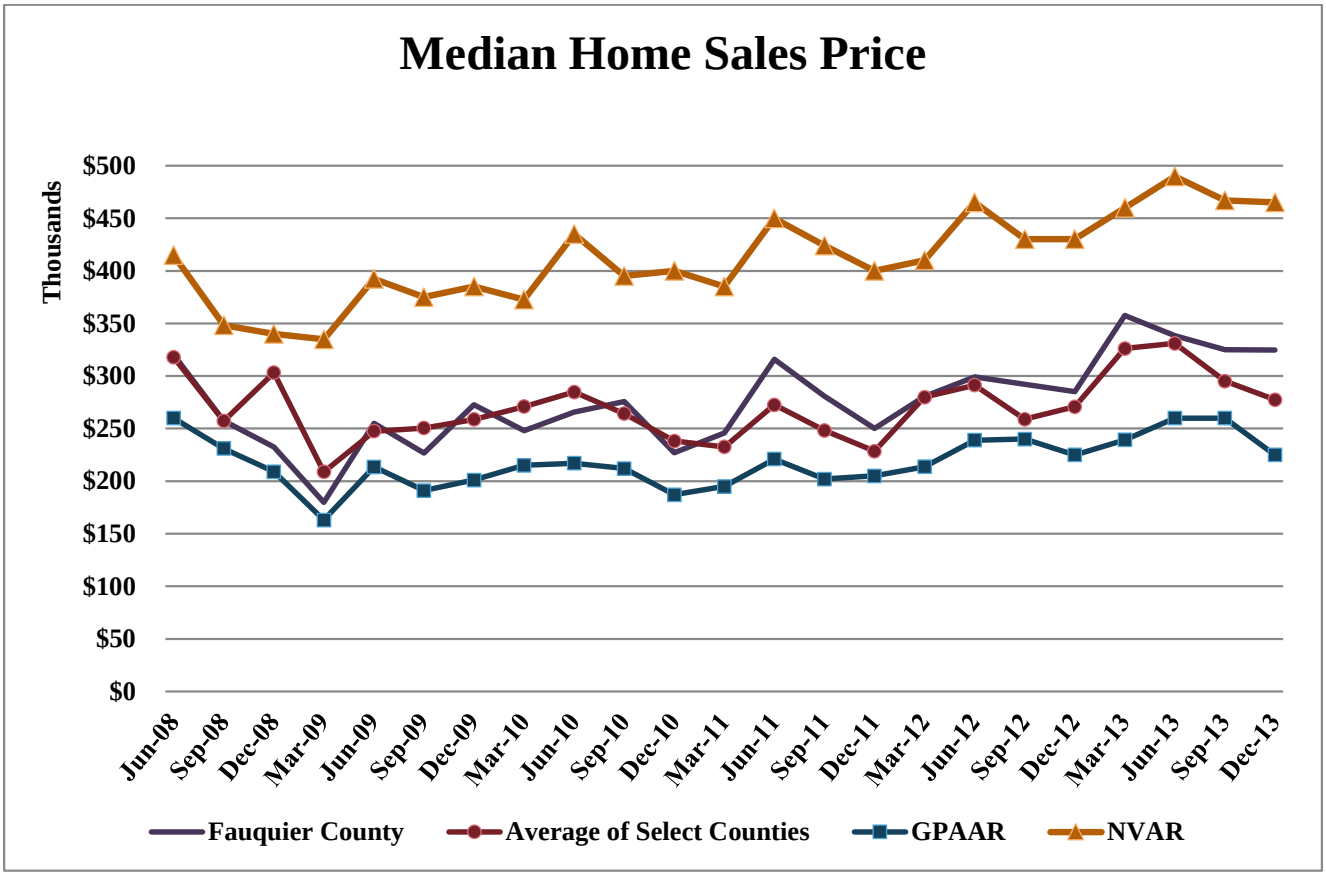
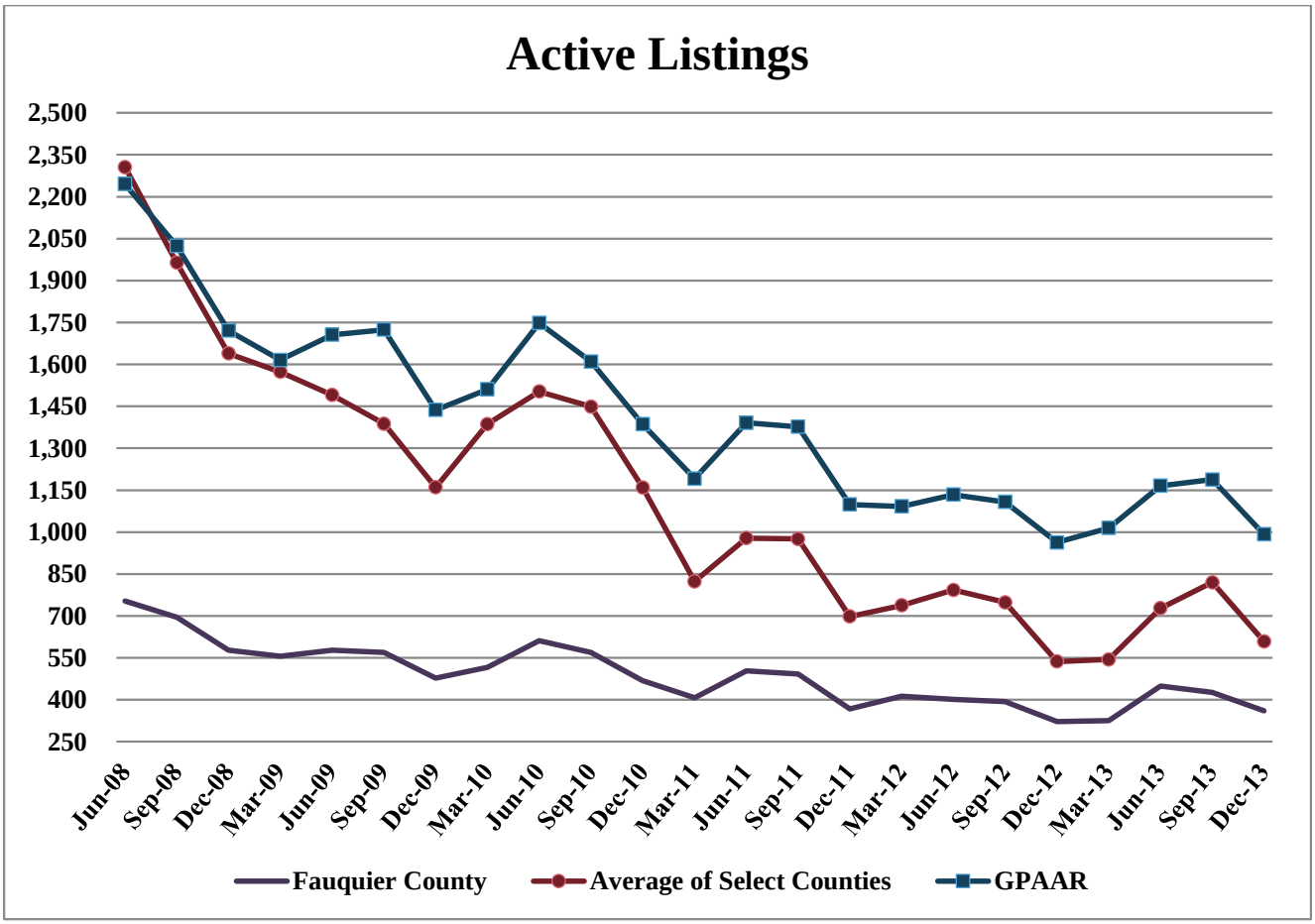
Dec-13
Fauquier County
Average of Select Counties
GPAAR
NVAR


Number of Home Sales
500
450
400
350
300
250
200
150
100
50
0
Jun-08
Sep-08
Dec-08
Mar-09
Jun-09
Sep-09
Dec-09
Mar-10
Jun-10
Sep-10
Dec-10
Mar-11
Jun-11
Sep-11
Dec-11
Mar-12
Jun-12
Sep-12
Dec-12
Mar-13
Jun-13
Sep-13
Dec-13
Fauquier County
Average of Select Counties
GPAAR

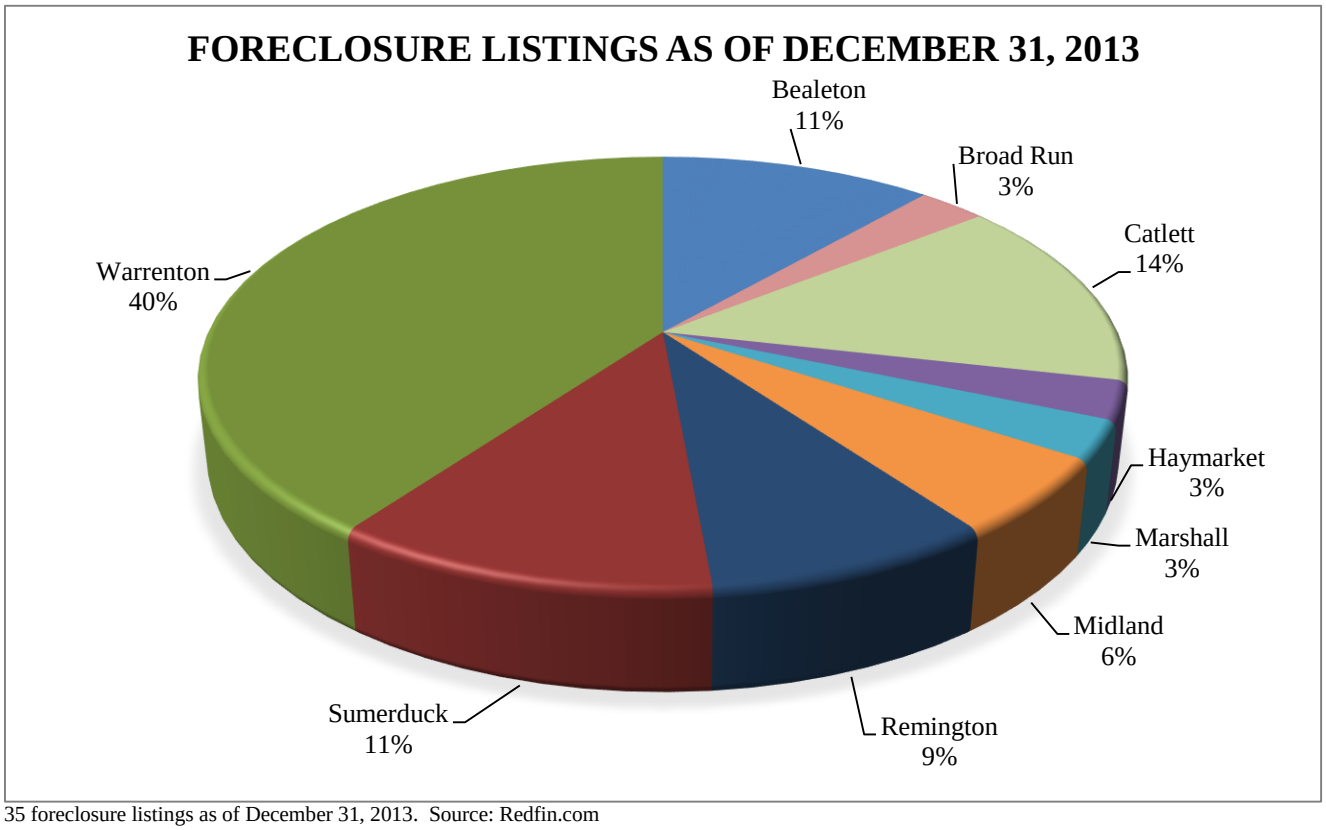




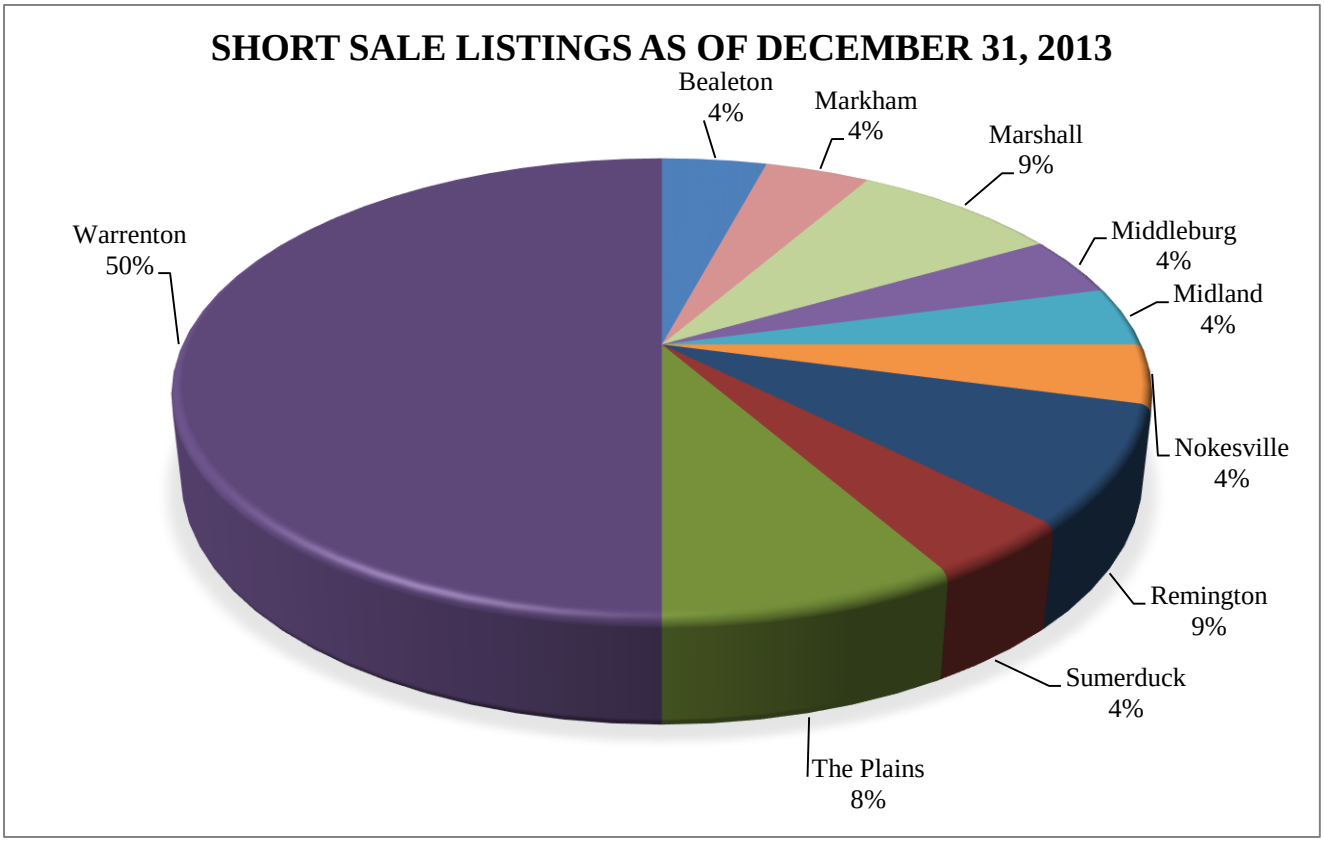
Source: Metropolitan Regional Information Systems, Inc. (MRIS)

b) Foreclosures and Short Sales

The volume of foreclosure and short sale listings has remained stable over the last 12-18 months with no marked fluctuations.



35 foreclosure listings as of December 31, 2013. Source: Redfin.com

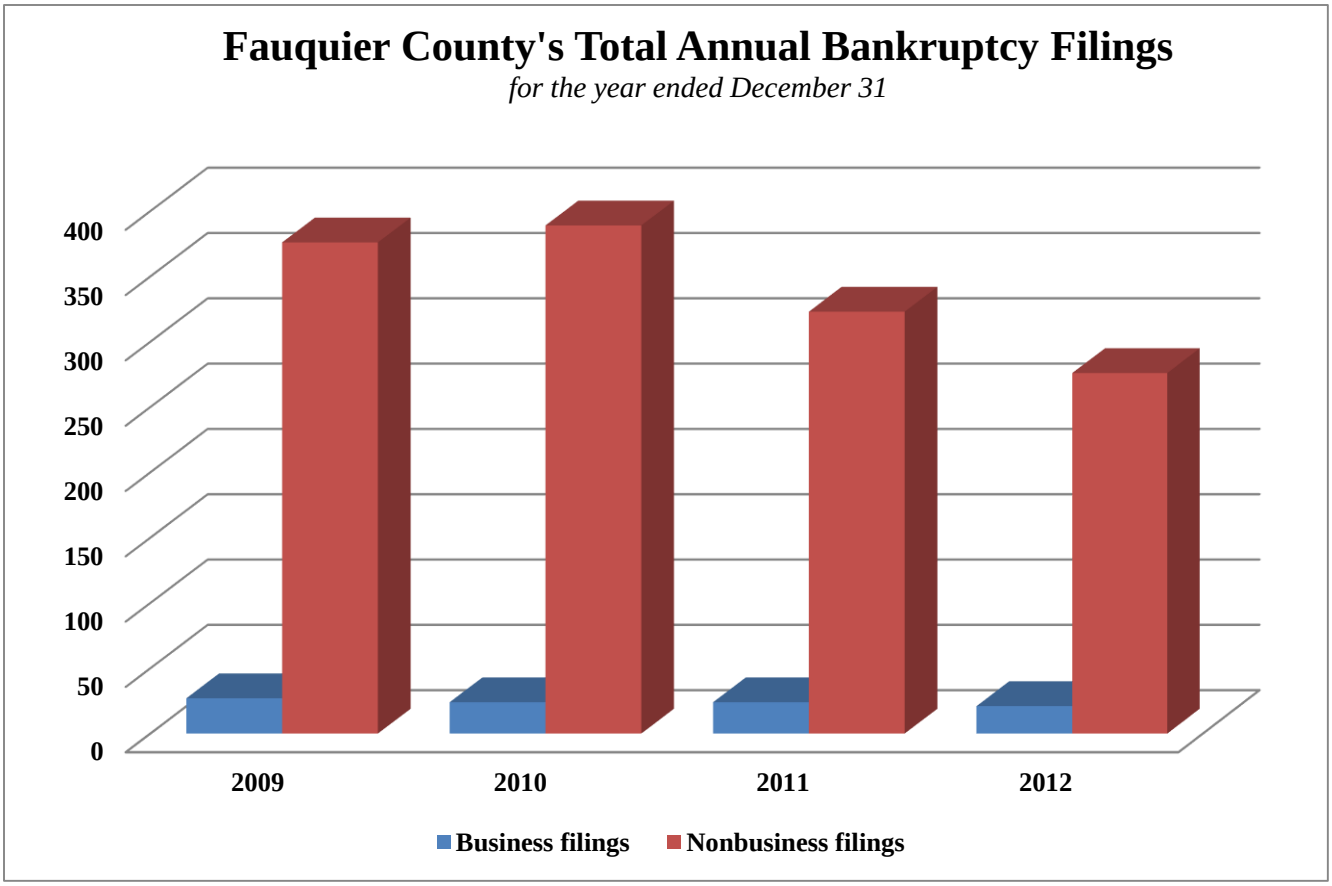


24 short sale listings as of December 31, 2013. Source: Redfin.com

B. Historical Economic Indicators Data

1. Bankruptcy Filings

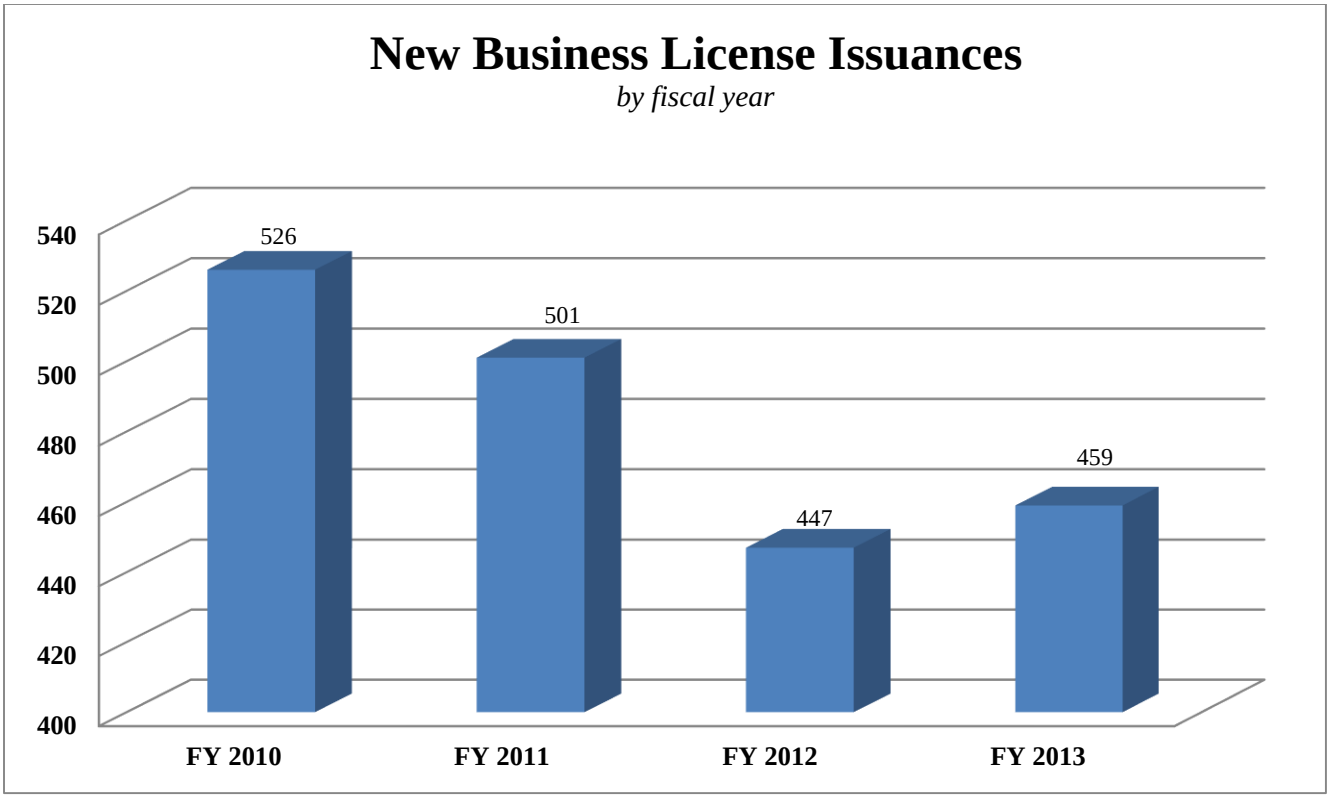
While the number of business filers was relatively stable from 2009 through 2012, non-business filers continued to decline between 15-17% annually.



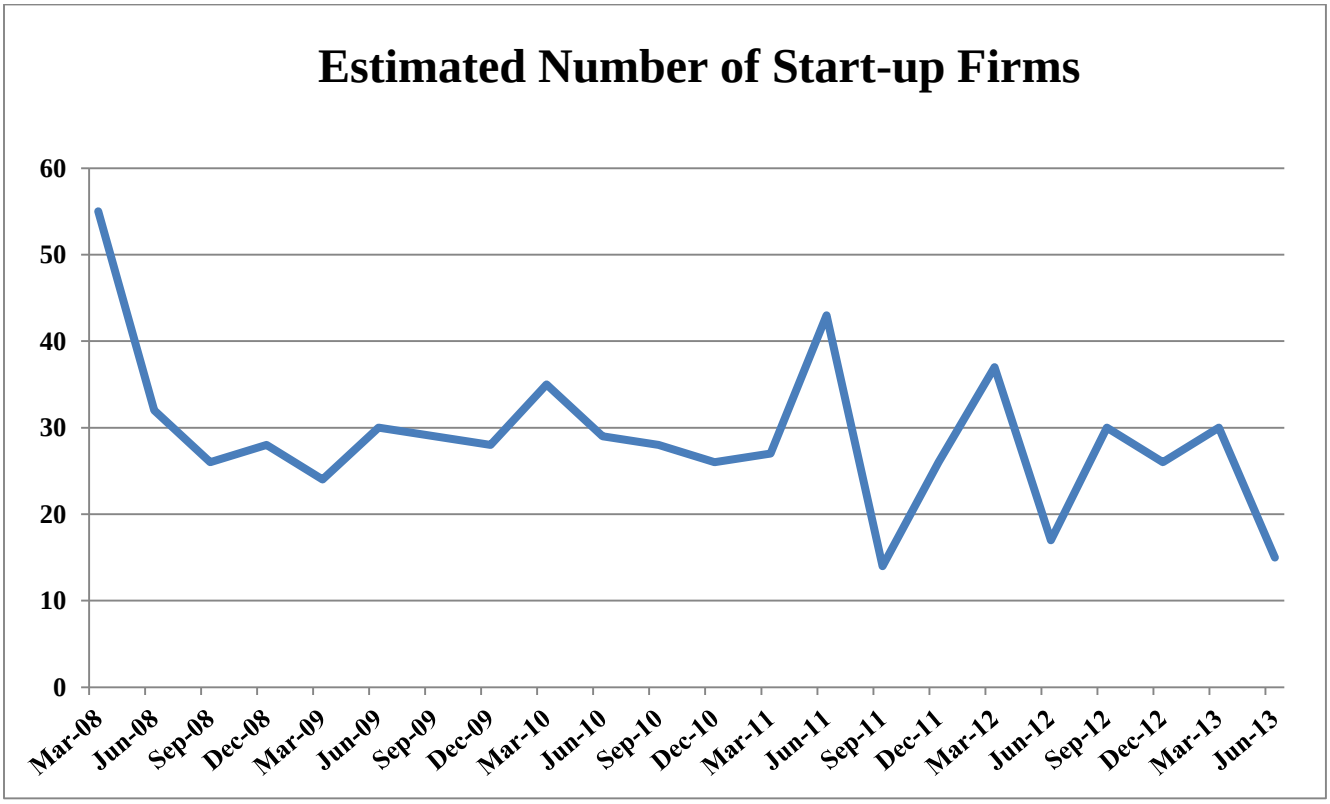
Source: United States Courts System
NOTE: 2013 Data is currently unavailable

2. Businesses

FY 2013 marked the first year of growth in business licenses issued since the recession. New business licenses issued increased by 2.7% from FY 2012 to FY 2013. The increase is noted improvement over the decline of 10.8% from FY 2011 to FY 2012.



Source: Commissioner of the Revenue



Source: Virginia Employment Commission

3. Residential Housing Market – Historical Data

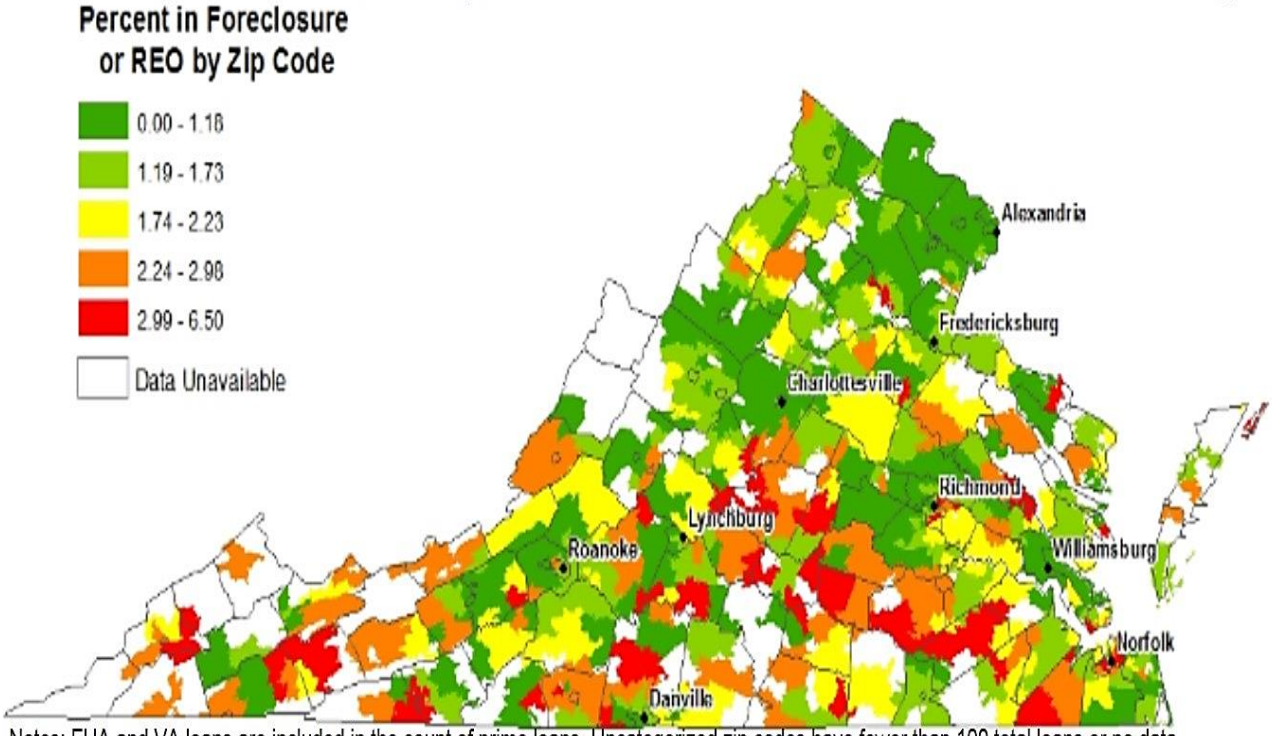
a) Residential Foreclosures and Delinquencies

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 September 2013, foreclosures in the County continue to improve for prime and subprime loans. Additionally, the volume of owner-occupied home mortgages with subprime loans has lessened throughout the County over the past year.

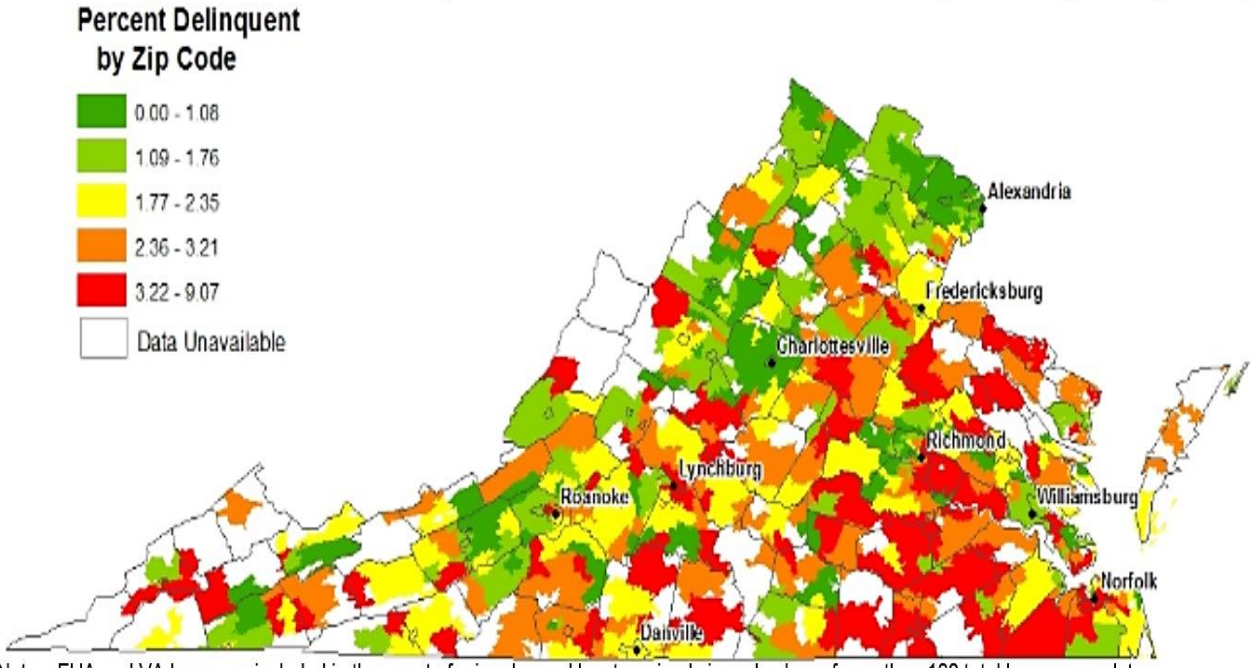
Percentage of Owner-Occupied Prime Loans in Foreclosure or REO: Virginia



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.

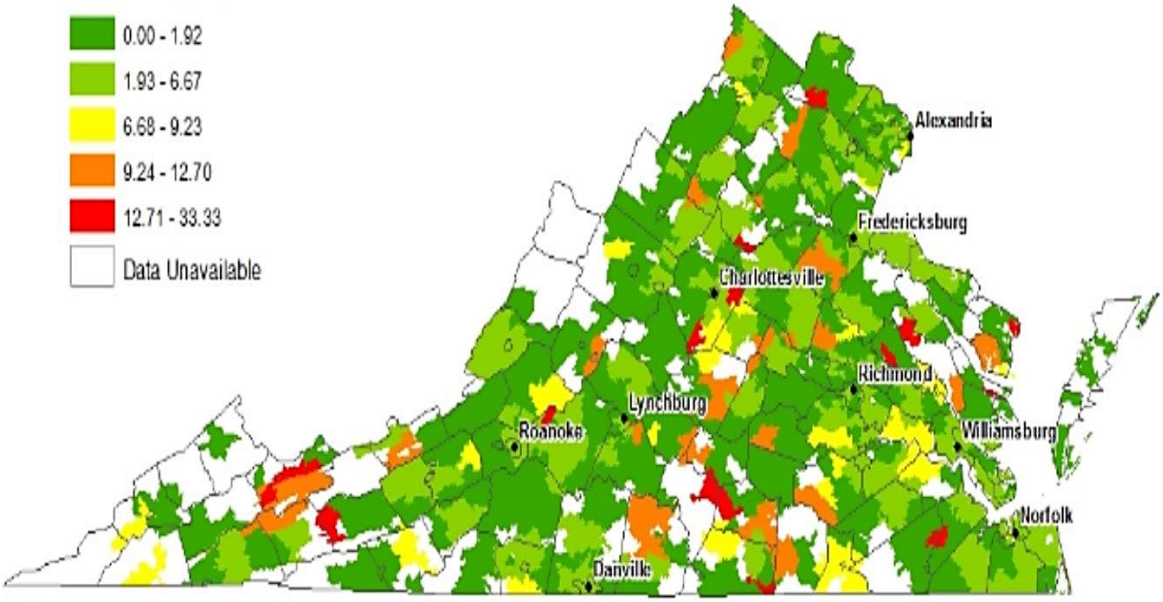
Source: Federal Reserve Bank of Richmond/Lender Processing Services (LPS) Applied Analytics (September 2013)

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



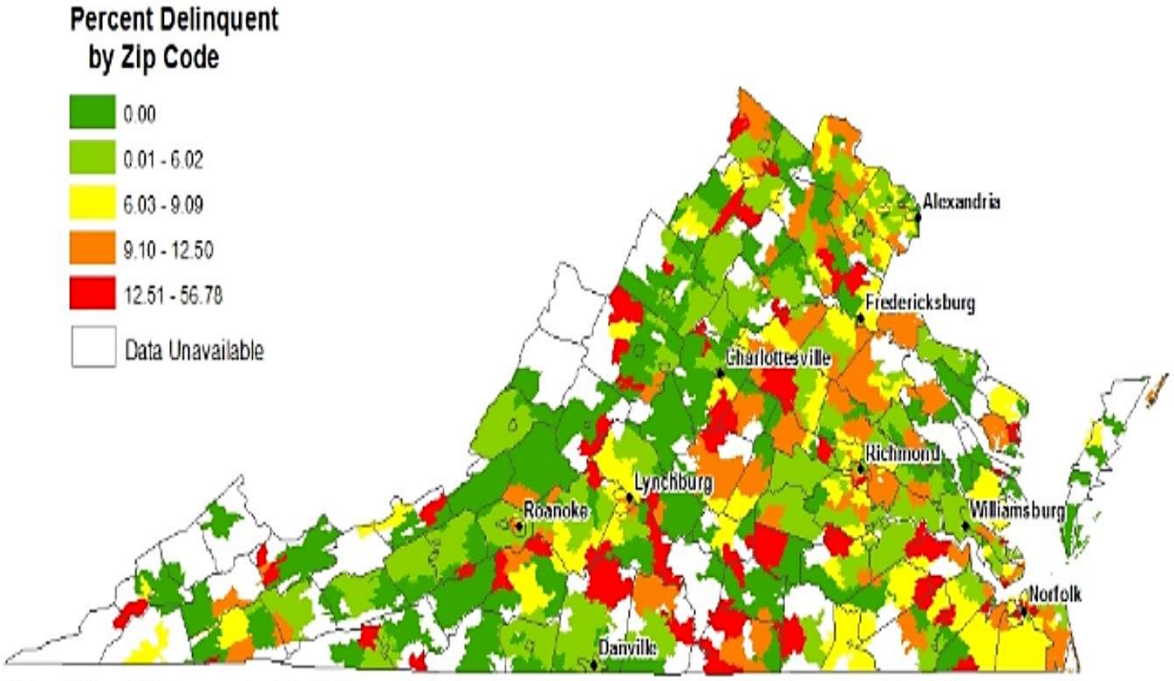
Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or no data available.
Source: Federal Reserve Bank of Richmond/Lender Processing Services (LPS) Applied Analytics (September 2013)

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



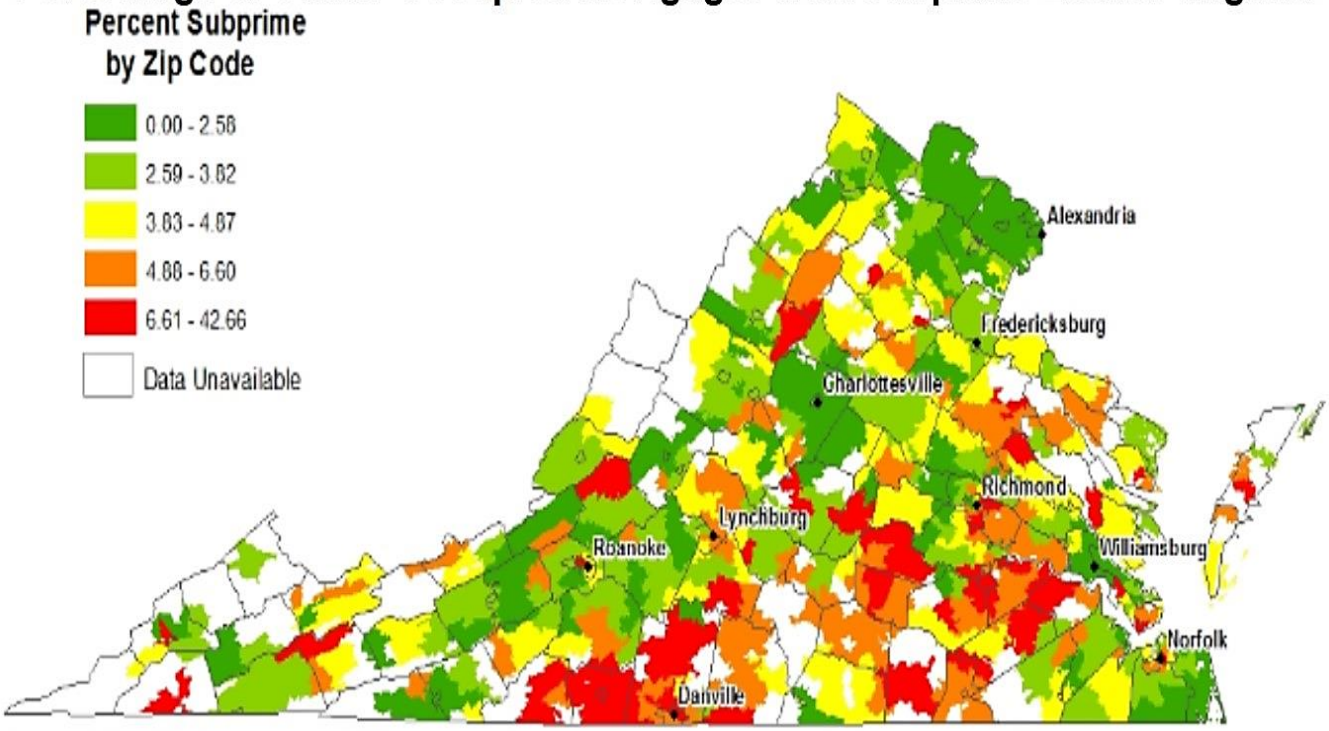
Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or no data available.
Source: Federal Reserve Bank of Richmond/Lender Processing Services (LPS) Applied Analytics (September 2013)

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 (September 2013)

Percentage of Owner-Occupied Mortgages with Subprime Loans: Virginia



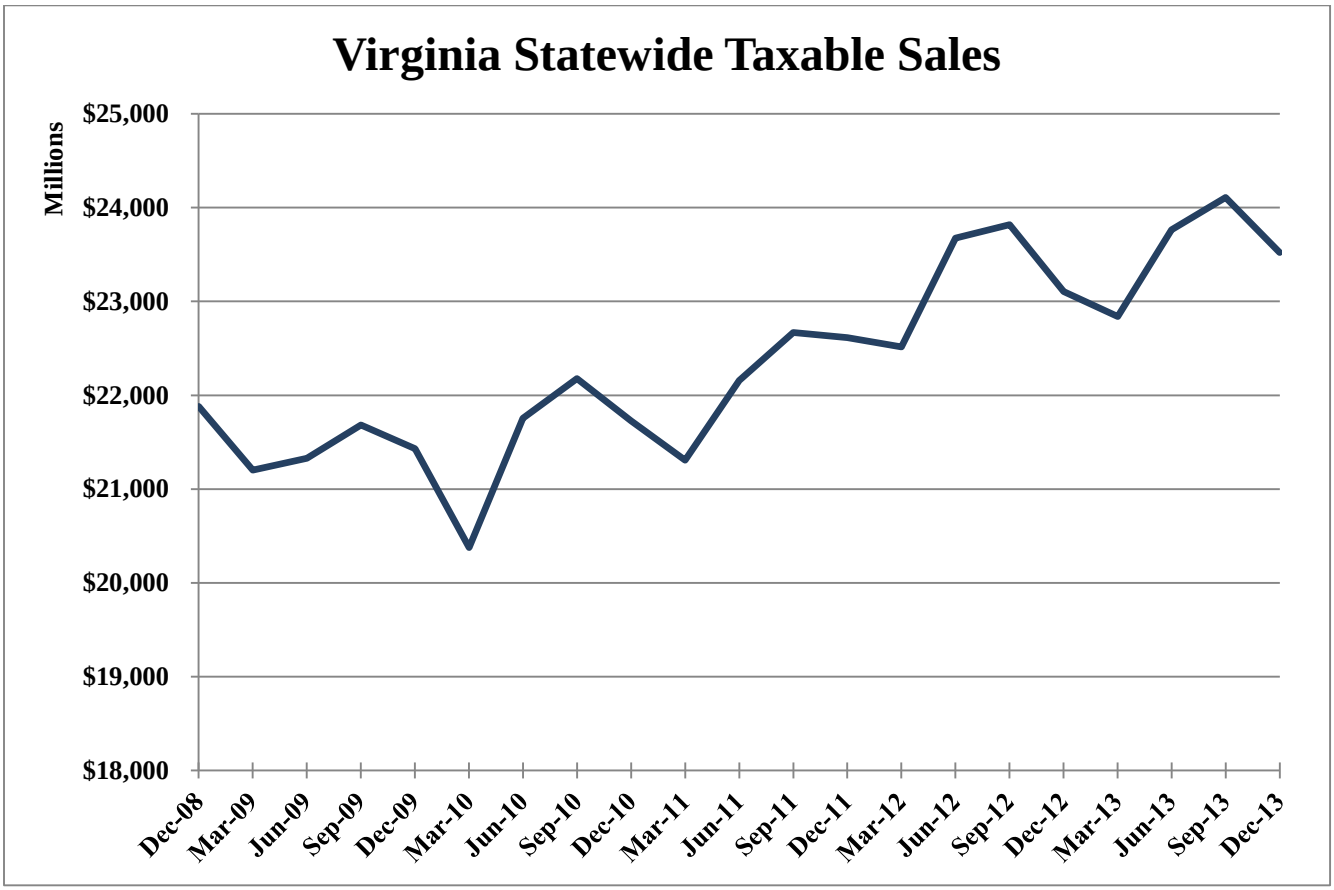
Notes: FHA and VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 total loans or have no data available.
Source: Federal Reserve Bank of Richmond/Lender Processing Services (LPS) Applied Analytics (September 2013)

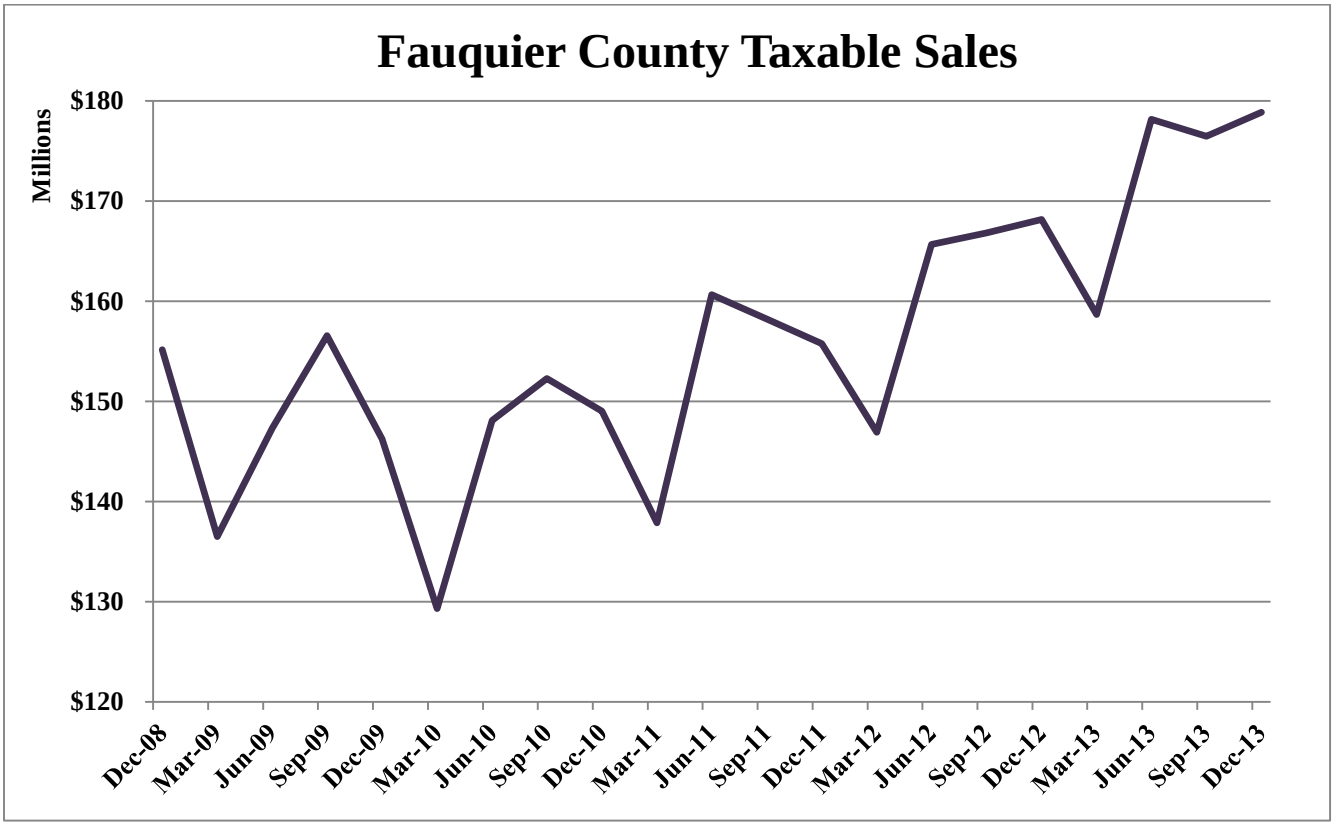
4. Taxable Sales

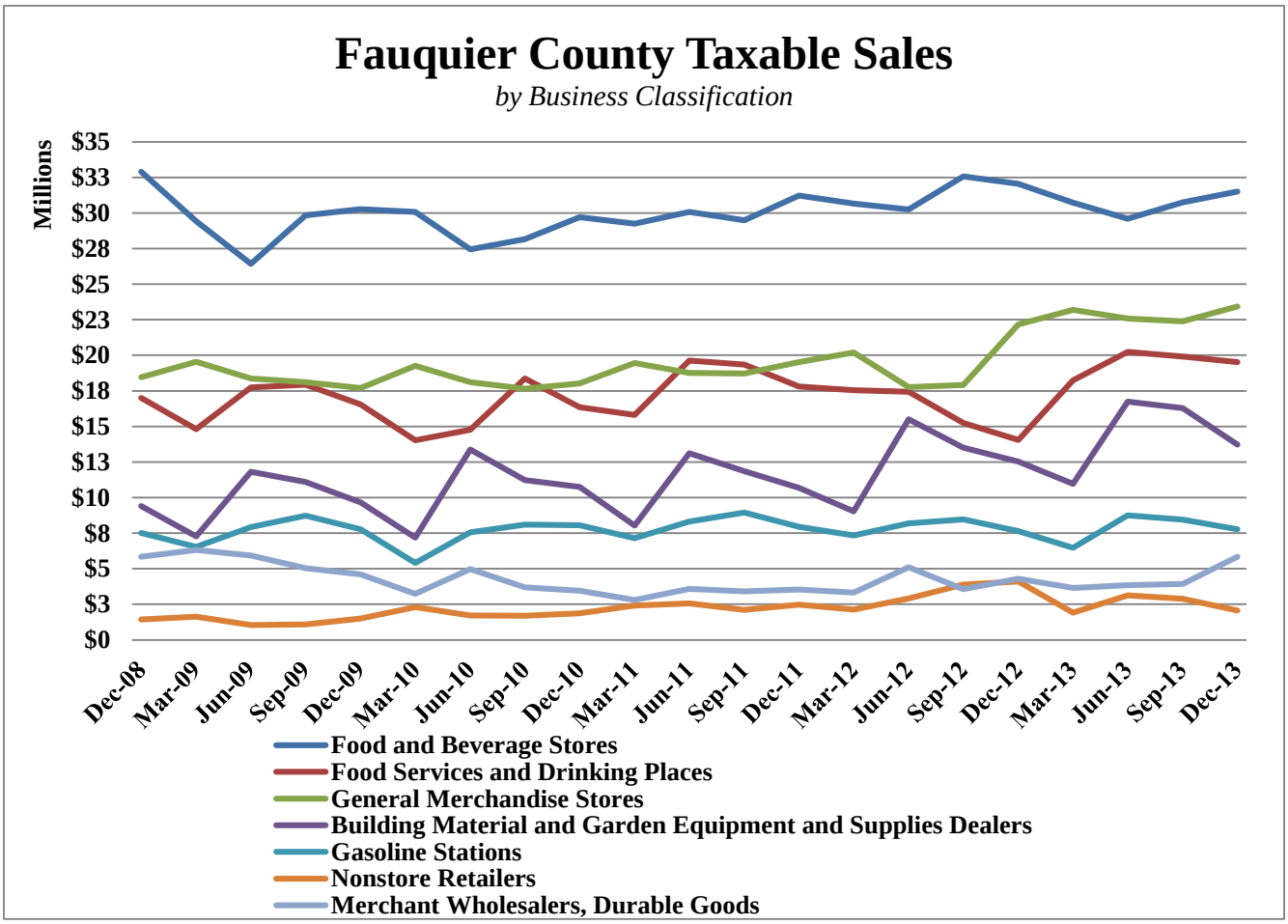
The following graphs provide data trends of taxable sales relative to the County, the State, and other local jurisdictions including:

- 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.

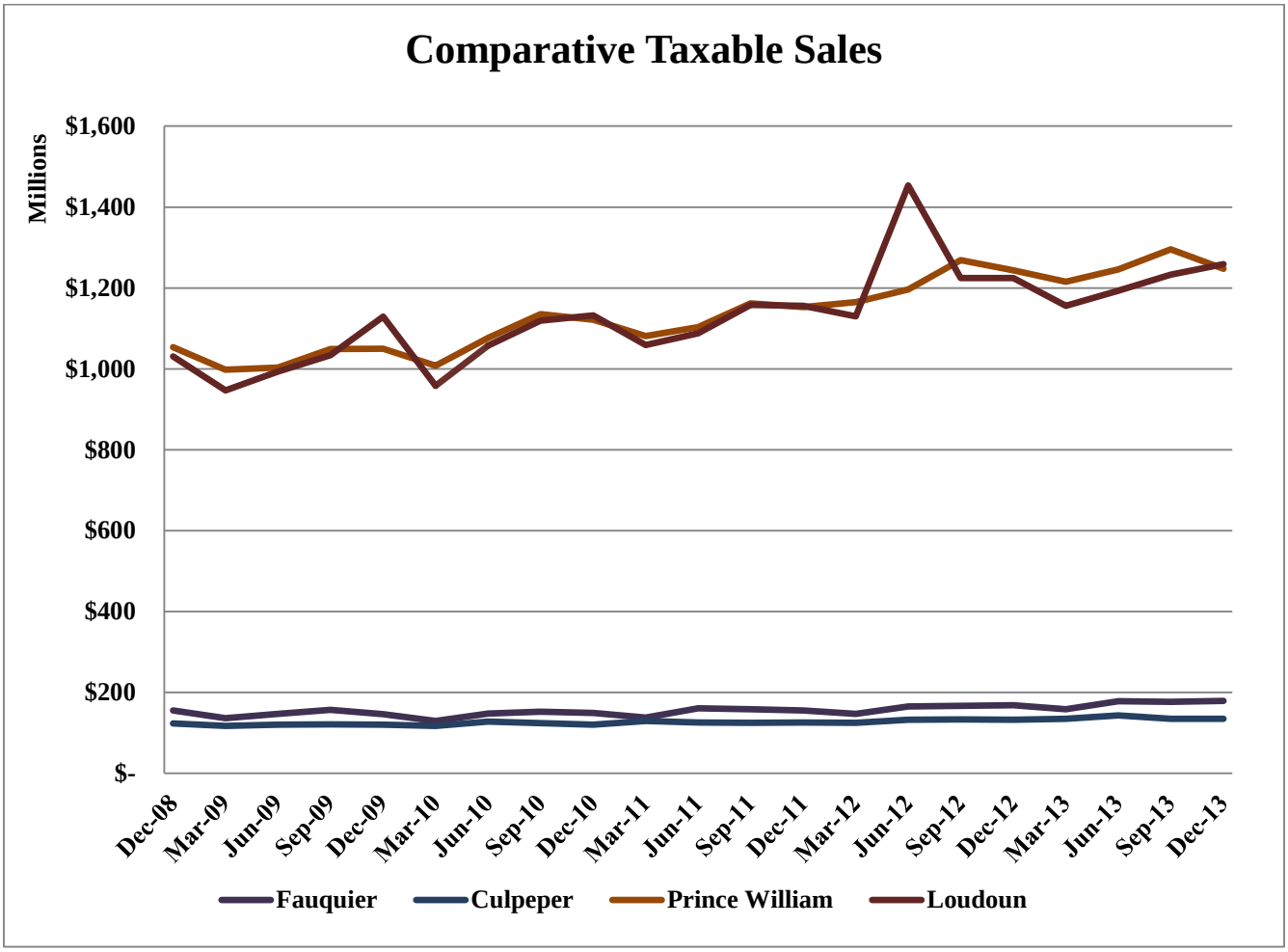
The County's taxable sales continued to improve through the first two quarters of FY 2014. While the County's value of taxable sales value is less than Prince William and Loudoun, the positive rate of change remains similar. Food and beverage store sales have risen slightly, while sales in food and beverage places have remained stable. In addition, building and garden material supplies continue to experience positive growth, with some seasonal fluctuation. Overall, the County's taxable sales continue to experience a modest recovery.







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 – Taxable sales, Quarter Ending December 31, 2013.



Source: Weldon Cooper Center for Public Service, UVA.