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BALTIMORE COUNTY FISCAL DIGEST

GENERAL FUND REVENUES & THE ECONOMY

Baltimore County, Maryland

August 1, 2008

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August 8, 2008

Honorable Members of the Baltimore County Council

Gentlemen:

I am pleased to submit the Baltimore County Fiscal Digest as of August 1, 2008. This report provides County General Fund revenue projections for FY 2008 and FY 2009, which have remained constant since the publication of the FY 2009 Council Budget Message in May 2008. As is usual, final FY 2008 figures will not be available until September, following receipt of the August income tax distribution from the State. FY 2008 General Fund revenues are projected to total $1.621 billion, which is $20.5 million above original FY 2008 adopted budget estimates. FY 2009 General Fund revenues are projected to total $1.667 billion, an increase of $45.8 million, or 2.8%, over estimated FY 2008 revenues. Projected revenue growth primarily reflects anticipated gains in the County's two principal revenue sources, property and income taxes, in FY 2009.

The FY 2009 projected revenues are slightly ($5.6 million or 0.3%) less than budgeted revenues for the year. Since this projected revenue shortfall is minimal and it is early in the fiscal year, we do not believe there is cause for concern at this time. However, we will closely monitor revenue collections and the potential for State aid reductions throughout the year to determine if conditions worsen regarding County revenues.

Our forecast for FY 2008 title transfer and recordation tax revenues shows a 19% decline due to the recent turmoil in the mortgage credit market. The disruptions in financial markets continue to negatively affect the County's housing market. At the July 17, 2008 meeting of the Baltimore County Economic Advisory Committee, members expressed concern with regard to the economic outlook and the adverse effects that tight credit conditions may continue to have on the local economy. Further, members noted that the federal economic stimulus package had little, if any, impact on economic conditions, and generally agreed that conditions both locally and nationally are not likely to improve until CY 2009. The weak housing market as well as high gasoline and energy prices are expected to continue to pose threats to consumer spending through the beginning of CY 2009. Accordingly, FY 2009 title transfer and recordation tax revenues are forecast to decline to $90.5 million (5% below FY 2008 estimates) based on the expectation of continued slowing in the housing market prior to an anticipated increase in activity by the end of CY 2009. In addition, while the FY 2009 forecast takes into account all State aid reductions that have been approved to date, the possibility of additional cuts to State aid will be carefully monitored over the coming months as the State has experienced and may continue to experience revenue shortfalls.

Based on our projections, we expect the General Fund surplus to total $102.5 million as of June 30, 2008, excluding an estimated $83.0 million in the Revenue Stabilization Reserve Account and $47.5 million designated to fund one-time spending (e.g., PAYGO capital spending) in the FY 2009 budget. Our next update will include actual revenue totals for FY 2008 as well as a revised revenue forecast for FY 2009.

Respectfully Submitted,

Mary P. Allen
County Auditor

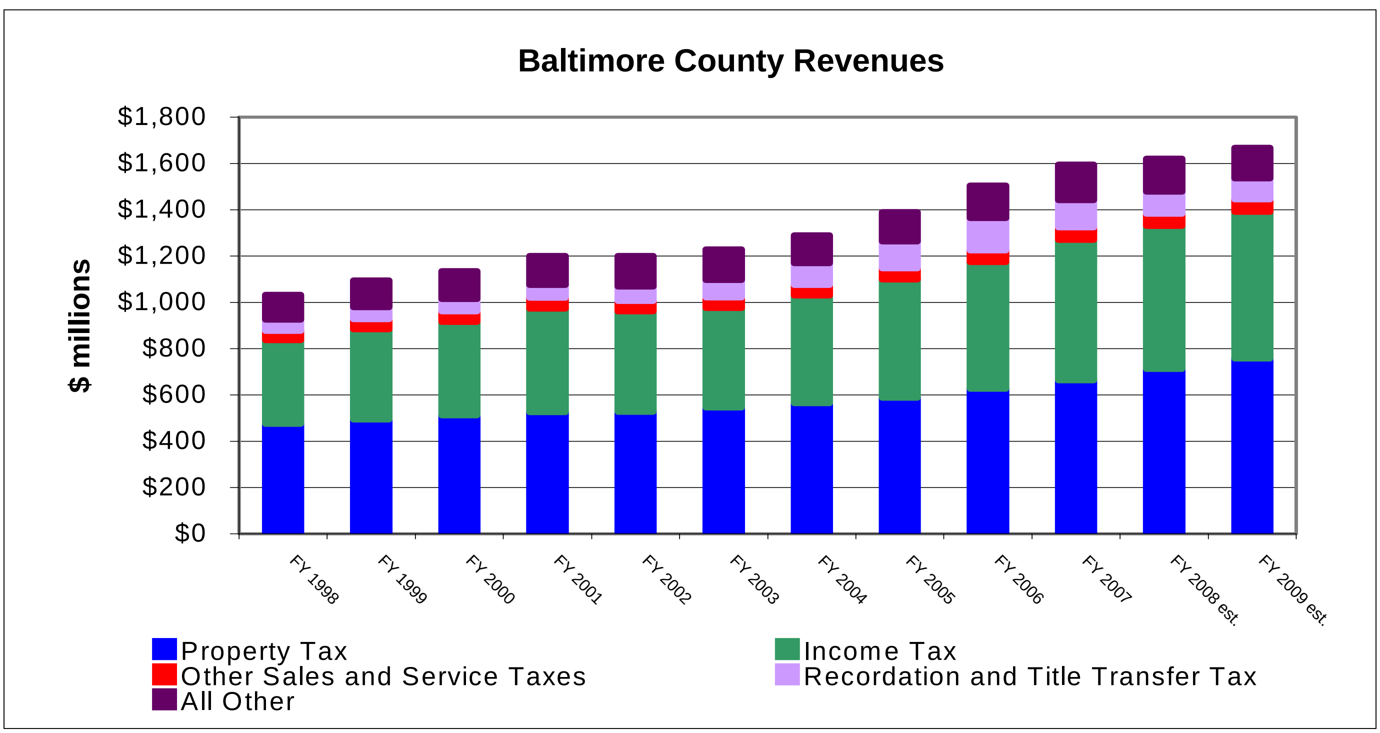
cc: Baltimore County Spending Affordability Committee, Baltimore County Economic Advisory Committee

REVENUE HIGHLIGHTS

FY 2008 County General Fund revenues over the first eleven months (July through May) totaled $1.451 billion, $45.1 million, or 3.2%, above collections over the same period last year. Property tax revenues showed strong gains of 7.6% through May. Income tax revenues, which have been reported through May withholdings and declarations, also demonstrate strong year-to-date gains of 6.2%. Property-related transaction tax revenues declined by approximately $22.2 million, or 21.1%, due to the continued slowdown in the number of real estate transactions.

FY 2008 General Fund revenues for the entire year are expected to increase by $25.0 million, or 1.6%, to $1.621 billion. This forecast is lower than the year-to-date growth of 3.2% primarily due to the change in the State's income tax distribution ratio for Baltimore County, which began to affect County revenues late in FY 2007. The current revenue projection for the year is the same as the May 2008 forecast published in the FY 2009 Council Budget Message. The FY 2008 revenue forecast includes a $23.0 million decline in property-related transaction tax revenues due to recent turmoil in the mortgage/credit market which has negatively affected the County's housing market. The forecast further includes strong gains of $49.6 million in property tax revenues, reflecting significant gains in property values in recent years combined with the smoothing effect of the Homestead Credit (4% increase cap). The County's surplus as of June 30, 2008, excluding an estimated $83.0 million in the RSRA and $47.5 million designated to fund one-time spending (e.g., PAYGO capital spending) in the FY 2009 budget, is projected to total $102.5 million, or 6.4% of FY 2008 budgeted revenue.

FY 2009 General Fund revenues are forecast to increase by $45.8 million, or 2.8%, to $1.667 billion. This projected rate of growth is below the FY 2004 to FY 2007 annual growth rates, which ranged from 4.9% to 8.3%. General Fund revenue growth in FY 2009 primarily reflects anticipated gains in the County's two principal revenue sources, property and income taxes, which are projected to increase by 6.3% and 2.4%, respectively. Property-related transaction tax revenues are expected to show a slight decline due to continued slowing in the housing market prior to an anticipated increase in activity in FY 2010. The forecast takes into consideration State aid reductions to date and the State law change in the definition of taxable income, which are expected to reduce FY 2009 General Fund revenues by approximately $15 million. The possibility of additional reductions in State aid will be monitored over the coming months as the State has experienced and may continue to experience revenue shortfalls.



REVENUE FORECAST & ECONOMIC OUTLOOK

General Fund revenue increased by 6.1% in FY 2007. However, FY 2007 revenues are particularly high due to a State income tax revenue distribution that exceeded actual experience. Accordingly, FY 2008 revenues are expected to grow by just 1.6%, followed by 2.8% revenue growth in FY 2009.

($ Millions) Revenue Source	Actual FY 2007	FY06-07 Change	Est. FY 2008	FY07-08 Change	Est. FY 2009	FY08-09 Change
Property Taxes	$663.3	5.8%	$712.9	7.5%	$757.5	6.3%
Income Taxes	607.9	11.0%	618.6	1.8%	633.6	2.4%
Sales & Service Taxes	52.4	3.1%	52.4	0.0%	53.7	2.5%
Recordation Taxes	43.5	-13.0%	34.7	-20.2%	33.0	-4.9%
Title Transfer Taxes	74.7	-16.3%	60.5	-19.0%	57.5	-5.0%
Investment Income	17.4	14.5%	11.9	-31.6%	8.7	-26.9%
Intergovernmental	80.6	2.8%	80.1	-0.6%	78.4	-2.1%
All Other	55.9	21.0%	49.6	-11.3%	44.1	-11.1%
Total Revenue	$1,595.7	6.1%	$1,620.7	1.6%	$1,666.5	2.8%

Prevailing economic conditions, coupled with a cautious economic outlook for the State and Baltimore region, suggest below-average performance across the County's different revenue streams.

The Baltimore County Economic Advisory Committee (BCEAC) expressed caution about near-term economic prospects at its July 2008 meeting. On the positive side, the Committee noted that regional unemployment remains low, manufacturers of exported goods are performing well, and while the residential real estate market continues to perform poorly, first-time home buyers remain active, though more selective than in recent years, in pursuing homes that are priced correctly. Also, in the longer-term, both the regional and county economies will benefit from the positive stimulus of the federal government's implementation of the Base Realignment and Closure (BRAC) Commission recommendations. However, the Committee noted that the U.S. economy is likely to remain slow during the second half of 2008, with the federal economic stimulus package having a small impact, and that weak conditions could continue through the first half of CY 2009. The Committee's economic outlook for the remainder of CY 2008 remains cautious for a number of reasons as noted below:

The retail sector has experienced a recent slowdown, with caution emphasized for coming months.

- **Retail has been slow in recent months,** with many companies reducing their number of employees, cutting hours, and postponing renovations**.** Consumers have appeared both price–conscious and credit-conscious, and have been more likely to take advantage of no-interest financing options. There is concern that the poor economic news will continue to have a negative impact on consumer and business spending, further restraining economic activity.

The housing market continues to be sluggish and will likely struggle for at least the next few months. Property-related transaction tax revenue is expected to decline in FY 2008, followed by another slight decline in FY 2009.

- **The local residential real estate market is slow compared to recent years,** and is likely to remain slow for at least the next few months. Declines in home sales are being seen in all price ranges, though less expensive homes that are priced correctly are more likely to sell, especially if they are close to Baltimore City. In the Baltimore region active inventories continue to rise, which is expected to put additional downward pressure on home prices. Due to the continuing decline in the number of residential real estate transactions in the region, County property-related transaction tax revenues are expected to decrease in FY 2008, followed by another less pronounced decline in FY 2009. However, these revenues are still expected to exceed pre-housing-boom levels. Property tax revenues react more slowly to the declining real estate market because the effects of recent increases in property values are gradually experienced over several years due to the annual 4% limit on tax increases for owner–occupied homes pursuant to the Homestead Property Tax Credit Program.

Potential economic threats include rising gasoline prices, inflation, and the uncertain direction of interest rates.

- **Some near-term economic threats loom**, including high gasoline prices, inflation outpacing income growth, and the uncertain direction of interest rates. Higher gasoline and energy prices are making consumers nervous as they watch their real income fall, and the consumer generally accounts for over two-thirds of total economic activity. In addition, rising inflation could put upward pressure on interest rates, which have remained low in an effort to make credit more accessible.

NATIONAL ECONOMIC INDICATORS

In 2008:Q2 the U.S. economy grew at an annualized rate of 1.9%.

After a 2.2% increase in 2007, real GDP growth is expected to slow to 1.5% in 2008 before rising to 2.2% in 2009.

Real U.S. Gross Domestic Product (GDP) in 2008:Q2 increased at an annualized rate of 1.9% to a nominal level of $14.3 trillion. This quarter's performance represents a slight increase from the 2008:Q1 quarterly performance of 0.9%. Factors contributing to 2008:Q2 GDP growth include continued federal, state and local government spending, an increase in personal consumption expenditures, and strong exports. The predominant factor weighing negatively on second quarter growth was continued weak residential fixed investment, which fell 15.6%, following declines of 25.1% in 2008: Q1 and 27.0% in 2007:Q4, the worst quarterly performance since a 35.1% decline in 1981:Q4. For all of 2007, real GDP grew by 2.2%, compared to 2.9% and 3.1% in 2006 and 2005, respectively, and a ten-year average of 2.9%. The May 13, 2008 release of the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters* shows projected real GDP growth in 2008:Q3 at an annualized rate of 1.7%. The *Survey* also projects annual real GDP growth at 1.5% in 2008 (the slowest annual growth since the brief recession in 2001) and 2.2% in 2009. Many economists are lowering growth rate forecasts for the second half of 2008 and the start of 2009. Slower national economic growth usually equates to a weaker job market and a softer stock market. In light of this national forecast and the slow housing market, BCEAC members expressed views ranging from uncertain to downbeat with regard to the local economic outlook for the remainder of 2008.

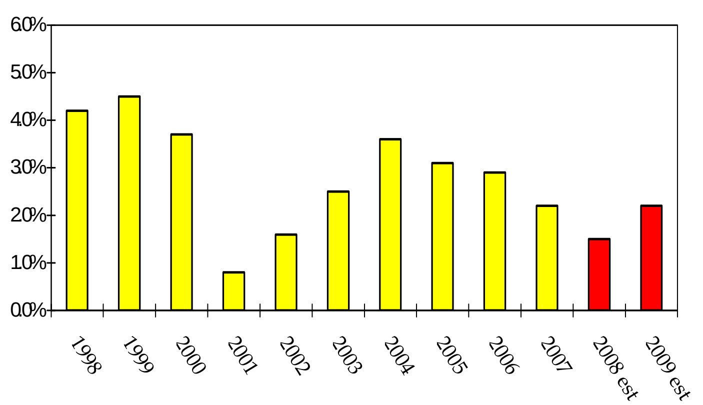
Real consumer spending grew at an annualized rate of 1.5% in 2008:Q2.

Consumer spending, which accounts for slightly more than two-thirds of all U.S. economic activity, registered a below-average performance in 2008:Q2, increasing at an annualized rate of 1.5%. This increase follows even lower growth of 0.9% in 2008:Q1. In 2008:Q2, real consumer spending on durable goods fell 3.0%, while spending on non-durable goods and services rose 4.0% and 1.1%, respectively. The BCEAC retail representatives remain concerned about sales through the end of 2008, citing the impact of poor economic news and high fuel prices on consumers' willingness to spend.

Consumer confidence, after declining in ten of the previous eleven months, rose slightly in July.

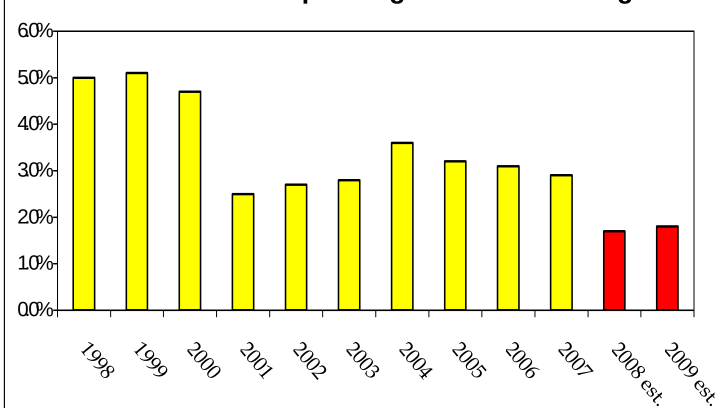
Consumer confidence, after declining in ten of the previous eleven months, showed a slight increase in July 2008, based on a survey of 5,000 U.S. households by The Conference Board (a well-known economic research organization). The Conference Board noted that consumers' appraisal of present-day conditions remains bleak, suggesting that there has been little change in business or labor market conditions. The Conference Board further reported that looking ahead, while consumers remain grim about short-term prospects, "the modest improvement in expectations bears careful watching."

Real GDP: Annual % Change



Estimate Source: *Survey of Professional Forecasters*, May 2008

Real Consumer Spending: Annual % Change



Estimate Source: *Survey of Professional Forecasters*, May 2008

The Federal Reserve's Federal Open Market Committee took steps to maintain interest rates at 2 percent at its June 24 and 25, 2008 meeting.

Because of increasing energy and commodity prices, the uncertainty surrounding inflation expectations has risen in recent months.

Interest rate targets remained at 2.0% at the June 24 and 25, 2008 meeting of the Federal Reserve's Federal Open Market Committee (FOMC), following a total reduction of 325 basis points since September 18, 2007. This meeting marks the first time the target rate was not cut since August 2007, after which the FOMC began cutting the rate in an effort to counter the burgeoning housing and credit crises. The recent rate cuts came at a time of subdued economic activity driven by scaled-back household and business spending and a soft labor market. The decision not to further lower the rate reflects an expansion of overall economic activity, supported partially by an increase in household expenditures (on services) and exports. However, prolonged disruptions in the credit and housing markets, a softening labor market, and high energy prices continue to weaken the economy. Despite the expectation that inflation will moderate later this year, the FOMC warns of high uncertainty about the inflation outlook because of "continued increases in the prices of energy and other commodities." Most private economists believe the FOMC's comments of diminished downside risks to growth supports the continued pause of interest rate cuts in the near future, contingent upon economic data.

INTEREST RATE CHANGE FROM JULY 2007 TO JUNE 2008

	Basis Points*
90-Day Treasury Bills	-307
10-Year Treasury Bonds	-90
30-Year Conventional Mortgage	-38

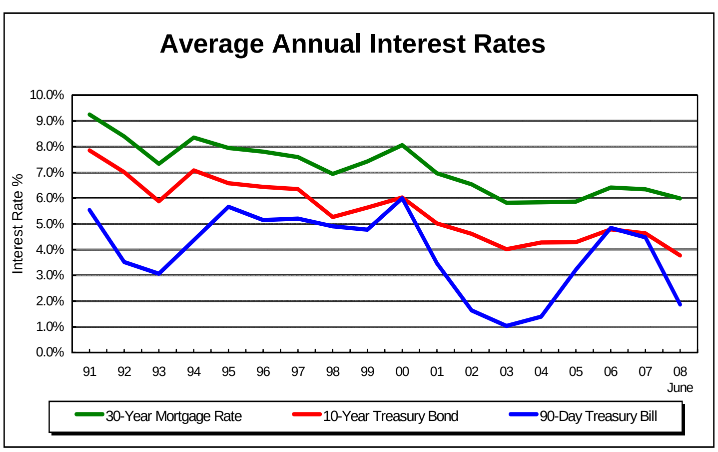
* A basis point is equal to .01 percentage point.

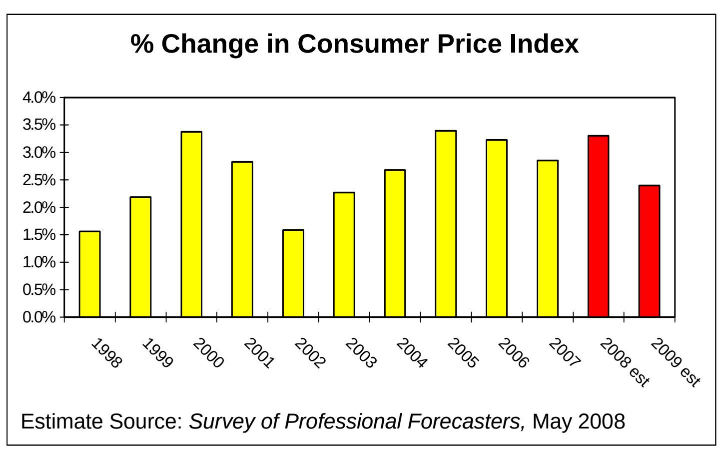
The future of FOMC activity is primarily dependent on inflation and the condition of financial markets.

The short-term direction of interest rates will continue to depend on both inflation and the condition of financial markets, a point confirmed by the FOMC's June 25, 2008 press release. The FOMC stated that it will continue to assess the current economic activity caused by stressed financial markets and the credit crisis, and will act as needed to promote sustainable economic growth and price stability.

From June 2007 to June 2008, consumer inflation was 5.0%. Inflation is forecast at 3.3% and 2.4% for CY 2008 and CY 2009, respectively.

Inflation, as measured by the Consumer Price Index-All Urban Consumers, was 5.0% over the June 2007 to June 2008 period, up from the May year-over-year comparison of 4.2% and the highest year-over-year comparison since May 1991 when inflation was also 5.0%. Core inflation (which excludes food and energy inflation) was 2.4% over the June 2007 to June 2008 period. For CY 2007 and CY 2006, the CPI increased by 2.8% and 3.2%, respectively. The current year-over-year inflation forecast for CY 2008 and CY 2009 is 3.3% and 2.4%, respectively, according to the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters*, May 2008. The May survey also projected that inflation will average 2.5% annually over the 2008 to 2017 period, compared to the average CPI increase of 2.6% over the 1998 to 2007 period.





LOCAL ECONOMIC PERSPECTIVE

EMPLOYMENT

While there is some evidence that County employment growth has been impacted by the recent economic downturn, the employment level in the County remains healthy.

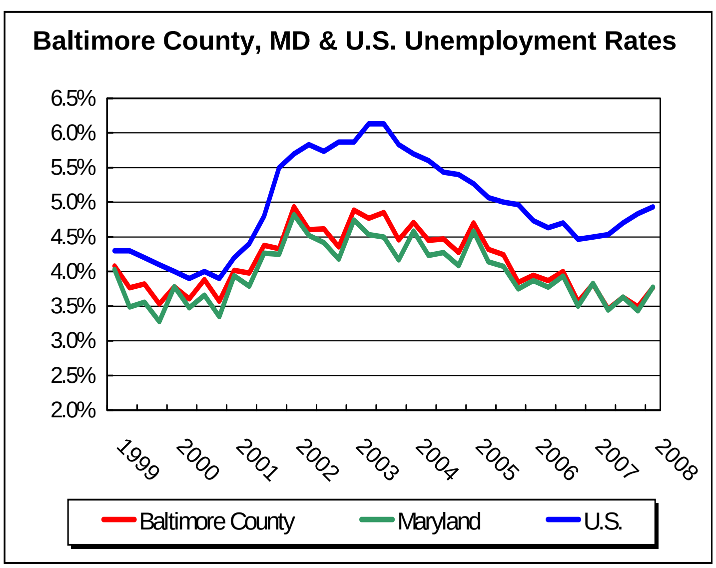
Employment, as measured by place of residence is high for both Baltimore County and Maryland. Over the June 2007 to June 2008 period, Baltimore County residential employment increased by 3,396 persons, or 0.8%, while Maryland residential employment increased by 26,817 persons, or 0.9%. The January through June year-over-year employment changes in Baltimore County in 2008 ranged from 0.2% to 1.0%, compared to a range of 0.5% to 1.6% in 2007; thus there is evidence that local employment growth has been impacted by the recent economic downturn. Still, the high employment level for Baltimore County residents would suggest solid long-term growth in personal income and income tax collections for the County.

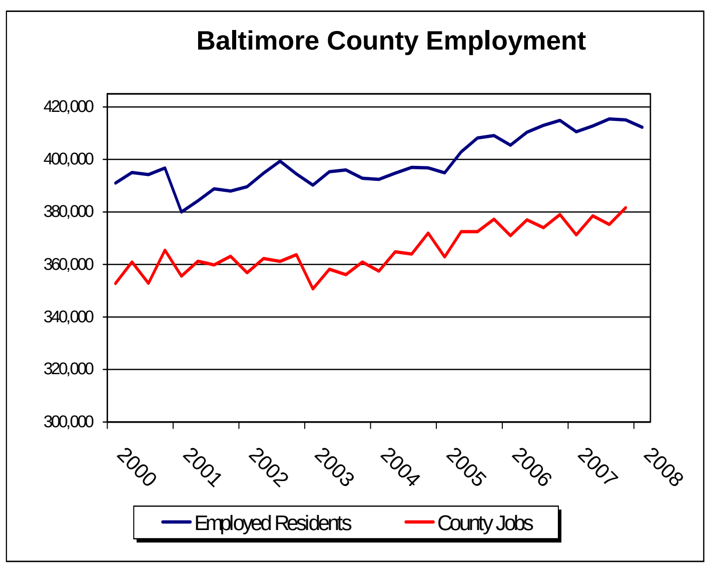
The number of County jobs increased by 0.7% over the 2006:Q4 to 2007:Q4 period, while County employer payrolls were up by 5.1%. In CY 2008 County and State jobs are forecast to increase by 0.9% .

County jobs data show that from 2006:Q4 to 2007:Q4, the number of jobs in Baltimore County increased by 0.7% and payrolls rose by 5.1%, while at the State level, jobs rose by 0.5% and payrolls increased by 5.3%. Over this same period, Baltimore County employers added 2,641 positions to their payrolls. Specifically, there were 3,294 job gains in professional and business services, 2,486 in education and health services, and 1,262 in leisure and hospitality, offset by job losses of 1,606 in manufacturing, 1,326 in the State government, and 1,129 in the federal government. Nationally, non-farm payrolls increased by 1.2 million jobs, or 0.9%, from 2006:Q4 to 2007:Q4. National payroll numbers declined by an average of 73,000 jobs per month during the first six months of CY 2008. The July 2008 employment forecast from RESI (the economic research and consulting division of Towson University) predicts that in CY 2008, County and State jobs will both increase by 0.9%, followed by an increase of 1.8% at both the County and State levels in FY 2009. These estimates are unchanged from the April 2008 forecast.

The County's June unemployment rate was 4.4%, slightly above the state unemployment rate but well below the national rate.

The unemployment rate among County residents was 4.4% in June 2008, up from 3.7% a year earlier and slightly more than the current State rate of 4.3%. Compared to the rest of the country, these rates remain low. Within the Baltimore-Towson Metropolitan Statistical Area (MSA), the unemployment rate in June 2008 was 4.5%. The MSA unemployment rate is strongly influenced by Baltimore City's unemployment rate, which stood at 6.6% in June. Excluding Baltimore City, the June 2008 MSA unemployment rate was 4.0%. Nationally, the seasonally adjusted unemployment rate was 5.5% in June 2008, up from 4.6% in June 2007. BCEAC members noted that jobs are available; however, there is often a mismatch between position requirements and the skills of those who are seeking employment.





PERSONAL INCOME

RESI estimates that County PI growth was 5.1% in FY 2008 and will be 4.6% and 5.0% in FY 2009 and FY 2010, respectively.

RESI's July 2008 personal income (PI) forecast shows PI in Baltimore County increasing by 5.1% and 4.6% in FY 2008 and FY 2009, respectively, compared to Maryland, where PI is expected to increase by 4.9% in FY 2008 and 4.8% in FY 2009. The PI forecasts for both Baltimore County and Maryland were revised upward from the April forecast. Longer-term, PI in Baltimore County is expected to grow by 5.0% in FY 2010, compared with 5.2% in the State. RESI's July PI growth estimate for FY 2007 showed a significant upward revision from its April estimate for Baltimore County (89 basis points), while the FY 2008 and FY 2009 growth forecasts also showed upward revisions of 21 basis points each for Baltimore County and 25 and 28 basis points, respectively, for Maryland. These estimates continue to represent strong growth. As PI grows, so does the county's base from which personal income tax revenue is derived, providing a positive outlook for income tax receipts for FY 2008 and beyond.

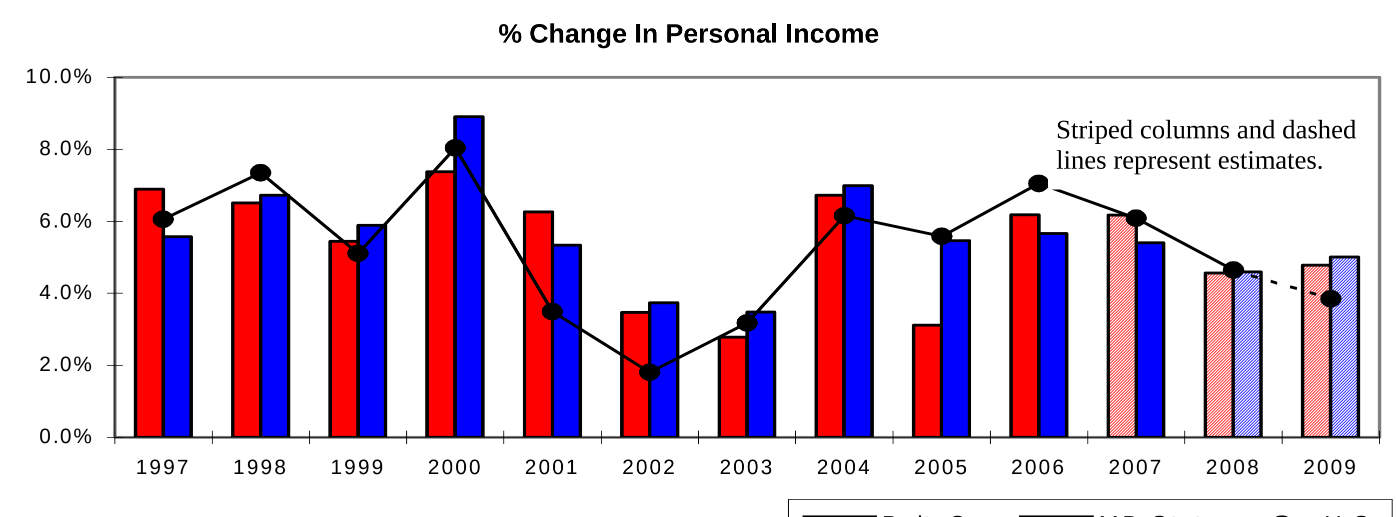
PI growth in Maryland continues strong, outperforming both Baltimore County and the U.S.

PI growth estimates at all levels may be subject to downward revision due to uncertainties in the economy.

Over the 2001 to 2006 period, PI in Maryland increased at a faster pace than it did nationally, while PI growth in Baltimore County fell a bit short of national growth, with total increases of 28.0% in Maryland, 26.0% nationally, and 24.3% in Baltimore County. The most recent quarterly reading for Maryland shows PI in the State increasing by 4.6% over the 2007:Q1 to 2008:Q1 period, while PI in the U.S. increased by 4.4% over the same period. (County data are reported only annually.) Given the uncertainties and potential threats to the national, state, and local economies, PI growth forecasts at all levels may be subject to downward revisions when new forecasts are produced. Nationally, in 2008:Q2, wages and salaries composed 54.1% of PI. PI's other important components consist of government transfer payments (15.8%), interest income (9.8%), and dividend income (6.9%). Capital gains and losses are not included in the personal income calculation.

The County's Spending Affordability Committee adopted a spending growth rate of 4.56% for FY 2009, which is 4 basis points less than the current FY 2009 PI growth forecast of 4.60%.

For FY 2009, the County Spending Affordability Committee adopted a spending affordability growth index of 1.0456 (4.56%) based on RESI's January 2008 PI forecast for FY 2009. RESI's July 2008 PI growth forecast for FY 2009 showed an upward revision of 4 basis points (4.60%) from the January forecast for FY 2009. The July 2008 PI growth forecast for FY 2010 was 5.00%, 40 basis points above the FY 2009 growth forecast and 14 basis points below the FY 2010 forecast of 5.14% reported in January 2008.



Estimate source: RESI, April 2008

EXISTING HOME SALES

In June 2008, the number of existing Baltimore County homes sold decreased by 25.9% from a year earlier.

The average price of existing homes sold in Baltimore County fell 9.2% from June 2007 to June 2008.

Existing home sales in Baltimore County in FY 2008 totaled 6,877 units, 26.3% below FY 2007 and the lowest home sales total since FY 1995 when existing home sales totaled 5,921. The number of homes sold in the County in June 2008 totaled 674 units, down 25.9% from a year earlier. The average price of an existing home sold in the County in June 2008 was $296,749, down 9.2% from June 2007, following a year-over-year price increase of 1.5% in May 2008. Average home prices have declined in four out of the first six months of 2008. Meanwhile, the active inventory in June rose by 15.6% from June 2007 and, according to the BCEAC residential representative, the County currently has just over 5 months of inventory. The BCEAC representative indicated that homes in Baltimore County priced under $350,000 are selling more quickly than higher-priced homes, with only 17% of contracts containing contingencies. This indicates that the first-time buyer market is active, while the move-up market remains slow.

June 2008 pending existing home sales were down 23.7% compared to a year earlier.

Pending existing home sales in June 2008 totaled 669, down 208 units, or 23.7%, from June 2007, following a 31.7% decrease from May 2007 to May 2008. These decreases are occurring despite a considerably high active inventory. Pending home sales were below year-earlier levels for all twelve months in CY 2007 and the first six months in CY 2008, with December 2006 marking the most recent year-over-year monthly increase.

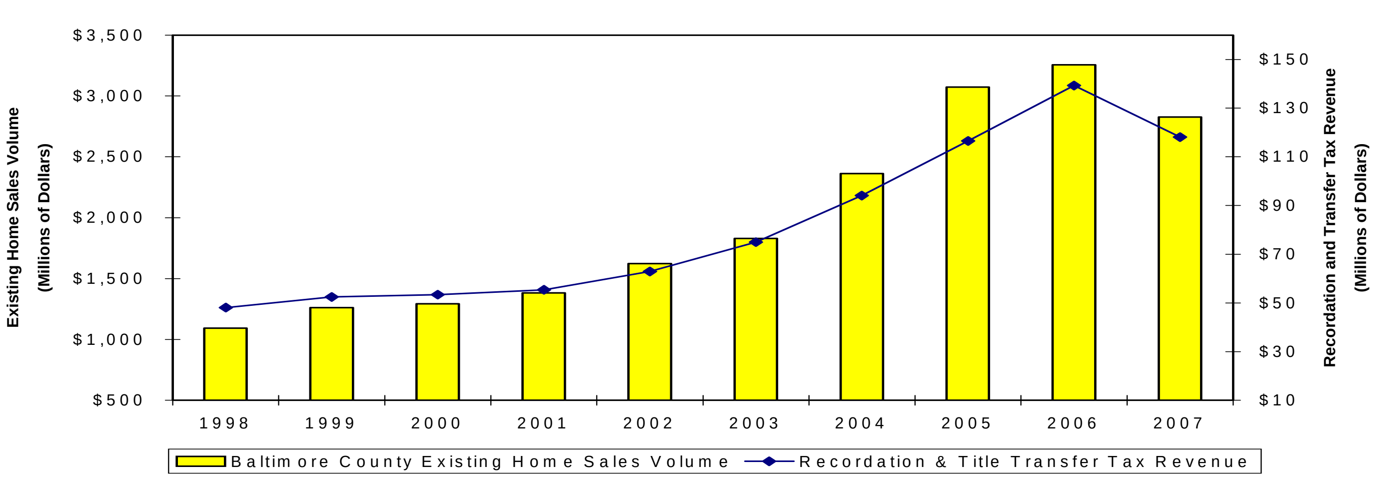
Reflecting significantly lower home prices and lower mortgage interest rates, the monthly mortgage payment for the average-priced County home sold was 12.3% lower in June 2008 versus June 2007.

Mortgage interest rates (for 30-year conventional mortgages) in June 2008 were 6.32%, down 34 basis points from June 2007 when rates were 6.66%. Over this same period, the average price of an existing home sold in Baltimore County decreased by 9.2%, compared to a decrease of 4.4% for Maryland. The combination of significantly lower home prices and lower mortgage interest rates caused the monthly payment for the average-priced Baltimore County home (financed with a 30-year conventional mortgage loan) to decrease to $1,841 in June 2008, 12.3% below the June 2007 level.

Property-related transaction tax revenues fell 15.2% in FY 2007. The current projection shows a 19% decline in these revenues in FY 2008, followed by a 5% decline in FY 2009.

Property-related transaction tax revenues (recordation and title transfer tax revenues) totaled $118.1 million in FY 2007, a decrease of 15.2% from the record-setting $139.3 million in FY 2006, reflecting a lower level of housing transactions at only slightly higher prices. For FY 2008, property-related transaction tax revenues are projected to fall by approximately 19% due to a continued decline in the number of local real estate transactions. These revenues are expected to show a 5% decline in FY 2009.

Baltimore County Existing Home Sales Volume and Recordation and Title Transfer Tax Revenue: Fiscal Years 1998—2007



CONSTRUCTION

The total value of construction permits issued in 2008: Q1 increased from a year earlier.

Construction permits issued in Baltimore County in 2008:Q1 totaled $204.5 million, which is $30.8 million, or 17.7%, above 2007:Q1 and 9.6% above the last four-year first quarter average value of construction permits. The 2008: Q1 permit level, which reflects a mixed performance among construction sectors, follows a 16.5% increase in 2007:Q4. The 2007:Q4 increase marked the first quarter in which County construction permit values have increased since 2006:Q3. Although residential construction has been down significantly in the past six quarters compared to recent years, in 2008:Q1 new residential construction increased 55.0% while commercial construction showed a sharp decline, deviating from recent trends. One new non-residential construction permit valued above $650,000 was issued in the first quarter of 2008: a $6.0 million shell commercial building in Towson-Loch Raven. Seven non-residential permits were issued in amounts ranging from $255,000 to $650,000. Construction employment represented 7.6% of County jobs in 2007:Q3 and had an average wage rate 15.0% above the County average. Thus, construction activity supports quality jobs and adds to the region's personal income growth.

The current level of newly-issued building permits remains high enough to support construction employment and contribute to the region's personal income base.

New non-residential building permit activity declined in 2008:Q1.

New non-residential building activity in 2008:Q1, perhaps the most volatile component of new construction, saw the value of permits decrease to $10.0 million, down $21.3 million, or 68.1%, from 2007:Q1. There were eight projects totaling $250,000 or more in 2008:Q1, including the one large project mentioned above.

Additions, alterations, and repairs activity in 2008:Q1 rose 18.7% to $85.9 million.

Additions, alterations, and repairs (AAR) activity in 2008:Q1 totaled $85.9 million, up $13.5 million, or 18.7%, from 2007:Q1 and 2.4% above the last four-year first quarter average. The total value of residential AAR permits fell 16.0% from 2007:Q1 to 2008:Q1, while the value of non-residential AAR permits rose 36.8% over the same period. The number of AAR permits fell 4.8%, indicating that the value of individual permits issued is high compared to recent years.

In 2008:Q1, the number of new multi-family residential building permits rose significantly while single-family permits fell compared to a year earlier.

New residential building permit data show that the total number of permits issued in 2008:Q1 increased by 33.6%, with multi-family unit permits up 187.1% and single-family unit permits down 39.9% from a year earlier. The total dollar value of the new residential building permits issued in 2008:Q1 increased by $38.5 million, or 55.0%, to $108.6 million.