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BALTIMORE COUNTY FISCAL DIGEST

GENERAL FUND REVENUES & THE ECONOMY

Baltimore County, Maryland

August 26, 2009

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August 27, 2009

Honorable Members of the Baltimore County Council

Gentlemen:

I am pleased to submit the Baltimore County Fiscal Digest of General Fund Revenues and the Economy as of August 26, 2009. This report provides revised FY 2009 and FY 2010 General Fund revenue projections and summarizes economic conditions affecting the County.

The revenue projection for FY 2010 presented in this Fiscal Digest is $8.6 million less than the forecast presented within the Council's FY 2010 Budget Message. The decline in expectations is due to the reductions in State aid announced by the Governor this week, partially offset by slightly improved expectations for other revenue sources. It is our understanding that these reductions, which have an estimated $21.2 million effect on the County's General Fund, may not represent the last round of State actions affecting the County for FY 2010. Even with a significant infusion of Federal stimulus funds for FY 2010, the State is faced with a continuing budget deficit due to a number of revenue streams, including sales tax and income tax, that are under-performing as a result of the severity of the recession. The State's FY 2011 outlook is also bleak; even with improvements in economic indicators and continued Federal assistance, the State is facing a FY 2011 budget gap of more than $1 billion. It should be noted that the State aid reductions will also affect various special and non-County fund activities that directly serve County residents, such as the Community College.

We expect final FY 2009 revenue figures to be available soon. Currently, we expect total FY 2009 revenues to be slightly more than the total anticipated 3 months ago. The marginally improved revenue outlook is mainly attributable to income tax receipts; earlier forecasts anticipated a more substantial reduction in FY 2009 distributions of withholdings and other income tax components. Current FY 2009 General Fund revenue projections total $1.635 billion, a slight decrease of $4.7 million, or 0.3%, from the previous year. This revised FY 2009 revenue projection falls below the original budget estimates by $36.8 million, or 2.2%. Income tax revenues are projected to be $7.0 million, or 1.1%, below budget estimates for the year while recordation and title transfer tax revenues are projected to be $16.5 million, or 20.2%, below budget estimates. While the FY 2009 revenue shortfall of $36.8 million may be noteworthy, it does not reflect final FY 2009 expenditures, which are expected to be significantly less than budgeted. Additionally, the unreserved, undesignated General Fund balance (surplus) as of June 30, 2008 totaled $118.5 million, excluding $82.9 million in the Revenue Stabilization Reserve Account. We expect final surplus totals as of June 30, 2009 to be available soon.

FY 2010 revenues are projected to reach $1.611 billion, down $24.5 million, or 1.5%, from the revised FY 2009 estimate. This revised FY 2010 revenue projection falls below the original budget estimates by $11.0 million, or 0.7%. As noted, this forecast reflects the recently-expanded loss of State aid, as well as the anticipated loss of income tax revenues resulting from declining employment levels and capital losses, partially offset by gains in property tax revenues. The Baltimore County Economic Advisory Committee (BCEAC) generally agreed at its July 2009 meeting that local economic conditions are not likely to improve significantly in the second half of CY 2009, but members expressed some signs of hope for CY 2010.

We will continue to monitor economic activity and revenue collections, including any further intergovernmental aid losses that may occur as a result of future State budget actions. Our next update will include final revenue collections for FY 2009, the final surplus figures as of June 30, 2009, and an updated revenue projection for FY 2010.

Respectfully submitted,

Mary P. Allen

Mary P. Allen
County Auditor

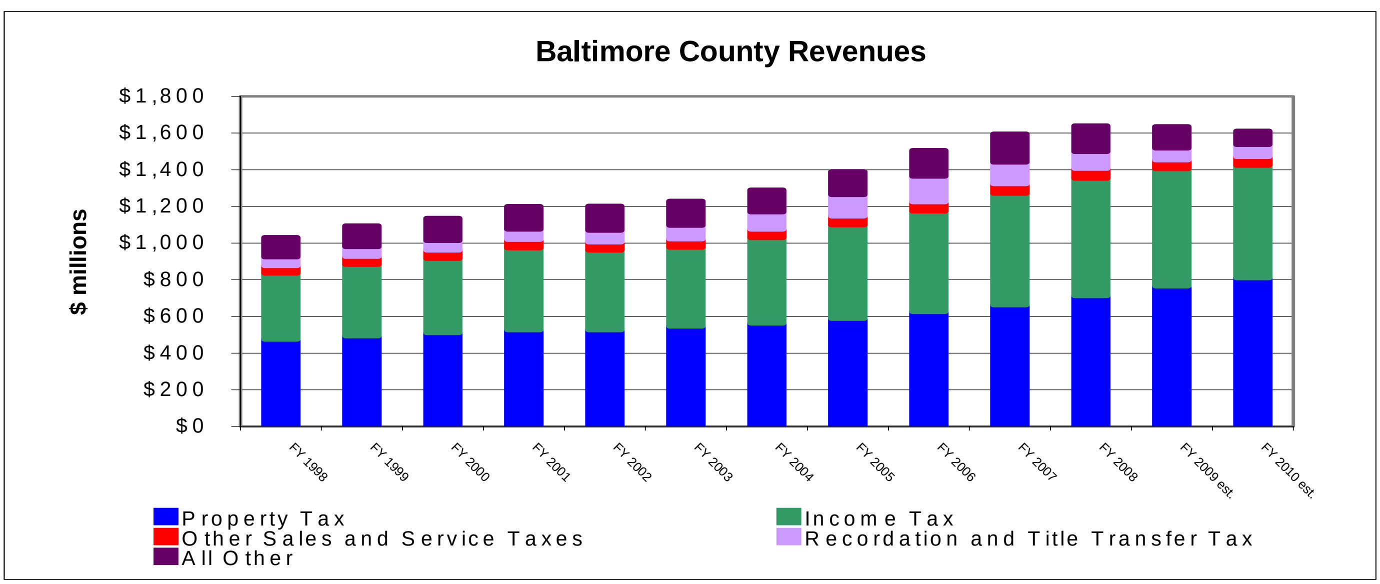
cc: Baltimore County Spending Affordability Committee; Baltimore County Economic Advisory Committee

REVENUE HIGHLIGHTS

FY 2009 County General Fund revenues through early June totaled $1.457 billion, approximately 0.4% above collections over the same 11-month period the prior year. Property tax revenues demonstrated strong growth of 7.6% through early June. Income tax revenues, which have been reported through June withholdings and declarations, are essentially flat compared to the same period last year. Property-related transaction tax revenues declined by approximately 31.2% through early June, due to the continued decline in housing prices and the number of real estate transactions. Final revenue figures through June 30, 2009 will be available after all year-end adjustments are made to account for collections that lag behind the fiscal period to which they apply.

FY 2009 General Fund revenues for the entire year are expected to decrease from FY 2008 levels by $4.7 million, or 0.3%, to $1.635 billion due to steep declines in property-related transaction tax revenues and small declines in income tax and various other revenues, partially offset by strong growth in property tax revenue. Specifically, the County's property tax revenues are expected to increase by $52.5 million, or 7.4%, reflecting year-to-date growth. The strong growth in property tax revenues is the result of significant increases in property values in recent years combined with the smoothing effect of the Homestead Credit (4% increase cap). Income tax collections are expected to decline by $0.8 million, or 0.1%, due to stagnant wage growth, the absence of capital gains, and declining employment levels. Property-related transaction tax revenues (recordation and title transfer taxes) are expected to decline by $26.6 million, or 29%, due to the turmoil in the mortgage/credit market, which continues to negatively affect the County's housing market. The weak economy is also expected to result in decreases totaling more than $29 million in various other revenue sources, including investment income and revenue from licenses and permits. State aid reductions to the County's General Fund were relatively minor for FY 2009. Overall, the current revenue projection falls short of the original budget estimate for FY 2009 by $36.8 million, or 2.2%. The unreserved, undesignated General Fund balance (surplus) as of June 30, 2008 totaled $118.5 million, excluding $82.9 million in the Revenue Stabilization Reserve Account (RSRA). We expect that surplus totals as of June 30, 2009, which will reflect final FY 2009 revenues and expenditures, will be available soon.

FY 2010 General Fund revenues are forecast to decrease by $24.5 million, or 1.5%, to $1.611 billion from the revised FY 2009 projection. This projected negative growth rate represents a deterioration from the projected rate of decline in FY 2009. The General Fund revenue decline in FY 2010 primarily reflects reductions in intergovernmental aid resulting from the State's efforts to balance its FY 2010 budget as well as lower income tax revenues due to declining employment levels and capital losses. These declines are partially offset by anticipated gains in the County's property tax revenues. Property-related transaction tax revenues are forecast to be flat due to the expectation that the housing market has reached its bottom, resulting in stable activity for the remainder of CY 2009 followed by a slow recovery in CY 2010.



REVENUE FORECAST & ECONOMIC OUTLOOK

General Fund revenue growth has stalled as a result of the current economic recession. Pronounced declines in FY 2009 and FY 2010 are avoided only due to the reliable growth in property tax collections, which results from the smoothing effect of the local Homestead Tax Credit Program's 4% annual growth cap.

The uncertainty surrounding current economic conditions poses a challenge in forecasting County revenues for FY 2010; however, the most likely scenario is that total revenues will experience a decline.

($ Millions) Revenue Source	Actual FY 2008	FY07-08 Change	Est. FY 2009	FY08-09 Change	Est. FY 2010	FY09-10 Change
Property Taxes	$713.1	7.5%	$765.6	7.4%	$810.0	5.8%
Income Taxes	641.0	5.4%	640.2	-0.1%	614.6	-4.0%
Sales & Service Taxes	53.1	1.3%	47.4	-10.7%	47.4	0.0%
Recordation Taxes	33.4	-23.2%	22.1	-33.8%	22.1	0.0%
Title Transfer Taxes	58.4	-21.8%	43.1	-26.2%	43.1	0.0%
Investment Income	12.5	-28.2%	4.8	-61.6%	3.6	-25.0%
Intergovernmental	78.4	-2.7%	70.4	-10.2%	29.9	-57.5%
All Other	50.2	-10.2%	41.7	-16.9%	40.1	-3.8%
Total Revenue	$1,640.1	2.8%	$1,635.3	-0.3%	$1,610.8	-1.5%

The Baltimore County Economic Advisory Committee (BCEAC) expressed more optimism at its July 2009 meeting than was conveyed in previous meetings this year. The Committee noted that some sectors are still adding jobs around the State, money and credit remain available to credit-worthy borrowers, local home sales appear to be on the rise for the first time in 4 years, and national GDP is likely to turn around by the end of CY 2009. Also, in the longer-term, both the regional and local 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 despite federal government interventions, overall job losses at the local and national levels are likely to continue for the remainder of CY 2009, with little recovery in CY 2010. The Committee is cautiously anticipating economic stabilization in FY 2010 despite the many obstacles that must still be overcome, as noted below:

- **Consumer pessimism and its ill effects continue,** as the consumer generally accounts for over two-thirds of total economic activity. This pessimism prevails as people observe job losses in a variety of sectors, as well as declining home values and investment portfolios. Retailers are hoping that sentiments will improve in time for the holiday shopping season.

- **The employment situation is declining,** with many companies reducing their staffing and lowering their projected earnings due to consumer retrenchment. More companies of all sizes are going out of business each month, and industries from manufacturing to financial services continue to cut jobs. On the positive side, the Committee noted that tax credits are available for companies that create jobs, particularly in the areas of green initiatives and technological innovations.

- **Improvement in the residential real estate market could be misleading,** since the federal first-time homebuyer credit, which has motivated many first-time buyers to come off the fence, will be expiring. Home prices are expected to remain flat for the foreseeable future, followed by a slow increase back to CY 2006 levels. In the Baltimore region active inventories are beginning to level off, due to both seller fatigue and correctly-priced homes selling quickly. This leveling-off of available inventory is expected to slow the decline in home prices. Due to the recent decline in the number of residential real estate transactions in the region, County property-related transaction tax revenues are expected to decrease again in FY 2009, followed by no change in revenues in FY 2010. 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% growth limit for owner–occupied homes pursuant to the local Homestead Property Tax Credit Program.

- **World output is projected to decline in 2009,** a sign that the global economic recession is deepening. As a result, in 2009:Q2 U.S. exports declined again, yielding four consecutive quarters of contractions in exports for the first time since 2001:Q4.

NATIONAL ECONOMIC INDICATORS

In 2009:Q2 the U.S. economy contracted at an annualized rate of 1.0%.

Real U.S. Gross Domestic Product (GDP) in 2009:Q2 decreased at an annualized rate of 1.0% to a nominal level of $14.1 trillion. This quarter's performance represents a significant improvement from the 2009:Q1 annualized contraction of 6.4%. The major factors contributing to the slowing contraction in 2009:Q2 GDP were increases in federal investment (10.9%) tempered with continued losses in personal consumption expenditures (-1.2%), and diminishing losses in residential investment (-29.3%), exports (-7.0%), and imports (-15.1%). For all of 2008, real GDP grew by 0.4%, compared to 2.1% in 2007, and a ten-year average of 2.6%. The August 2009 release of the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters* projects real GDP increasing at a projected annualized rate of 2.4% in 2009:Q3, with a contraction of 2.8% for all of 2009 (the first annual contraction since 1991) followed by growth of 2.3% in 2010. Many economists are projecting decreased risks to negative growth in the next four years, even projecting steady growth for the next four quarters**.** However, projections of unemployment have been revised upwards with expectations of 9.2% and 9.6% unemployment in 2009 and 2010, respectively. In light of the slowing contraction nationally despite the worsening job market, BCEAC members expressed cautious optimism with regard to the local economic outlook in 2009.

After a 0.4% increase in 2008, real GDP growth is expected to contract 2.8% in 2009, the first annual contraction since 1991.

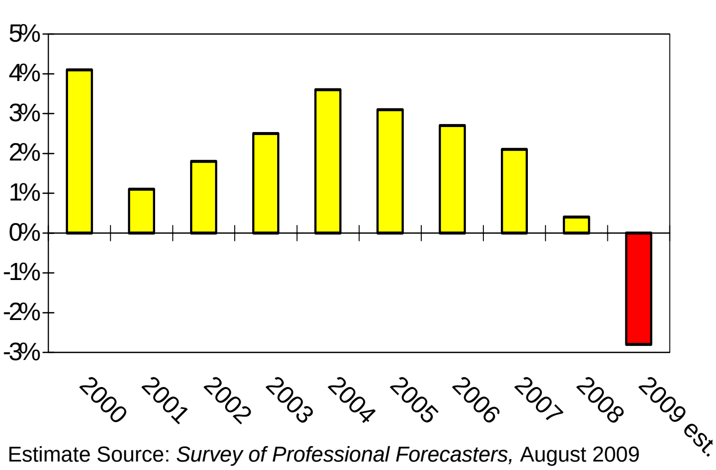
Real consumer spending continues to decline — declining at an annualized rate of 1.2% in 2009:Q2.

Consumer spending, which accounts for approximately two-thirds of all US economic activity, decreased at an annualized rate of 1.2% during 2009:Q2 after increasing 0.6% in 2009:Q1. This decline represents an improvement from the valley of 2008:Q2 and 2008:Q3 when spending contracted by 3.5% and 3.1%, respectively. In 2009:Q2, real consumer spending contracted 4.0% on durable goods, 7.1% on non-durable goods and 2.5% on services. The BCEAC retail representatives anticipated a continued contraction of consumers' willingness to spend due to persistent unemployment.

Consumer confidence rose in August 2009, with the Conference Board's Expectations Index reaching its highest level since December 2007.

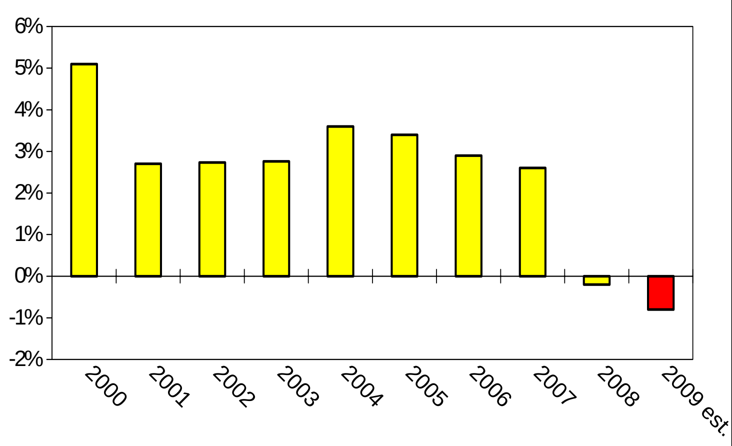
Consumer confidence, after declining for two months, rose in August 2009 to the highest level since May 2009 and the second highest level since September 2008, based on a survey of 5,000 U.S. households by The Conference Board (a well-known economic research organization). The Conference Board noted that the upturn in confidence is largely due to the significant increase in the Expectations Index, at its highest level since December 2007. The Conference Board further reports that while consumers are "more upbeat in their short-term outlook for both the economy and job market," they are "only slightly more upbeat in their income expectations," likely constraining spending.

Real GDP: Annual % Change



Estimate Source: *Survey of Professional Forecasters*, August 2009

Real Consumer Spending: Annual % Change



Estimate Source: *Survey of Professional Forecasters*, August 2009

The Federal Reserve's Federal Open Market Committee (FOMC) held interest rate targets between 0% and 0.25% during its August 11 and 12, 2009 meeting.

Interest rate targets were held between 0% and 0.25% at the August 11 and 12, 2009 meeting of the Federal Reserve's Federal Open Market Committee (FOMC). The federal funds rate has been cut approximately 225 basis points since the 2.25% target held at the March 2008 meeting. This 8-month rate target range is the lowest since the FOMC's inception in 1954. Stabilizing household spending and businesses bringing inventory stocks into better alignment with sales are indications "that the pace of economic activity is leveling out." However, "ongoing job losses, sluggish income growth, lower housing wealth, and tight credit," in addition to persistent cuts in fixed business investments, continue to ensure weak economic activity. The FOMC announced sustained commitment to support mortgage lending and housing markets by purchasing $200 billion of agency debt and $1.25 trillion of mortgage-backed securities. The FOMC is also committed to purchasing $300 billion of long-term Treasury securities by October 2009 to improve conditions in private credit markets. Most private economists believe the FOMC's expected market operations underscore an attempt to "stay the course" with no mention of an "exit strategy" regarding the use of "available tools to promote economic recovery and to preserve price stability." The FOMC also expects inflation pressures to remain subdued despite increasing energy prices due to "resource slack."

The threat of inflation has moderated due to continuing adjustments in the pricing and inventory of commodities.

INTEREST RATE CHANGE FROM JULY 2008 TO JULY 2009

	Basis Points*
90-Day Treasury Bills	-148
10-Year Treasury Bonds	-45
30-Year Conventional Mortgage	-121

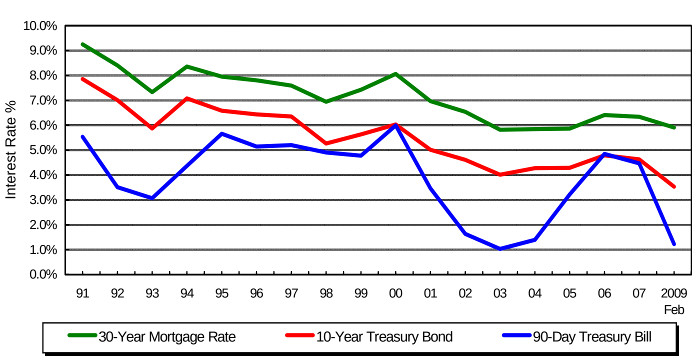
* A basis point is equal to .01 percentage point.

Short-term interest rates are likely to stay near 0%, depending on the condition of financial markets. The FOMC forecasts that prolonged weak economic conditions will likely "warrant exceptionally low levels of the federal funds rate for an extended period."

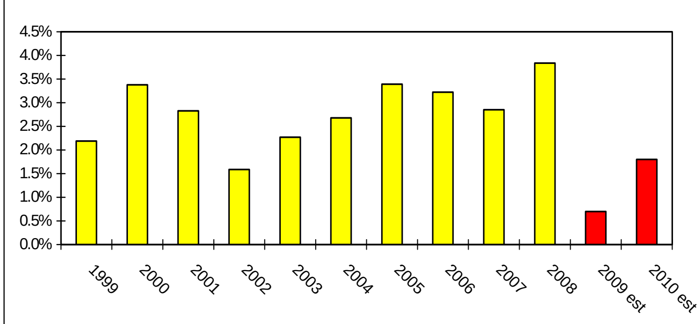
From July 2008 to July 2009, consumer inflation decreased by 2.1%. Inflation is forecast at 0.7% and 1.8% for CY 2009 and CY 2010, respectively.

Inflation, as measured by the Consumer Price Index-All Urban Consumers, showed a 2.1% decrease over the July 2008 to July 2009 period, continuing a downward trend begun in March 2009, primarily due to falling gas prices from the highs experienced in 2008. The March decline was the first year-over-year decline in 11 years. Core inflation (which excludes food and energy inflation) measured 1.5% over the July 2008 to July 2009 period, remaining static for CY 2009. For CY 2008 and CY 2007, the CPI increased by 3.8% and 2.9%, respectively. The current year-over-year inflation forecast for CY 2009 is 0.7%, followed by 1.8% for CY 2010, according to the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters*, August 2009. The August survey also projects that inflation will average 2.5% annually over the 2009 to 2018 period, compared to 2.8% over the 1999 to 2008 period.

Average Annual Interest Rates



% Change in Consumer Price Index



Estimate Source: *Survey of Professional Forecasters*, August 2009

LOCAL ECONOMIC PERSPECTIVE

EMPLOYMENT

The employment level in the County has declined for 12 consecutive months, causing income tax collections to decline as well.

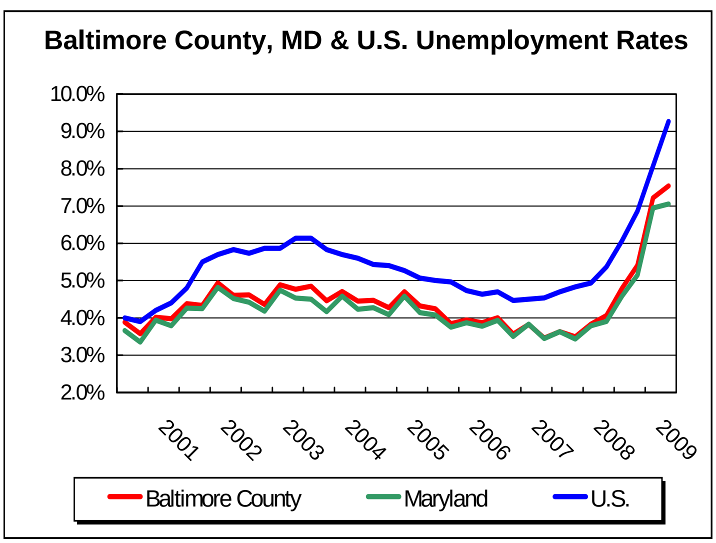
Employment, as measured by place of residence, is falling for both Baltimore County and Maryland. Over the June 2008 to June 2009 period, Baltimore County residential employment decreased by 19,585 persons, or 4.7%, while Maryland residential employment decreased by 134,020 persons, or 4.6%. Year-over-year employment in Baltimore County has declined for 12 consecutive months, with the May 2009 decline of 5.6% marking the steepest employment decline since December 1990. The decline in employment in Baltimore County is expected to cause County personal income growth to slow and income tax collections to decline in both FY 2009 and FY 2010.

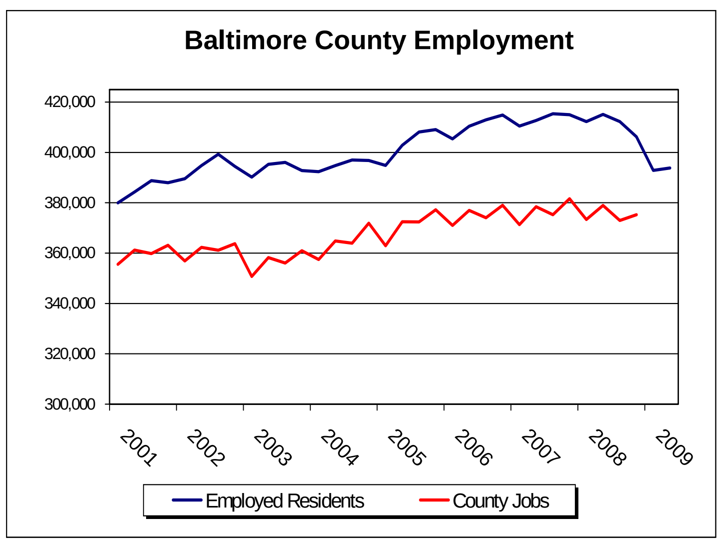
The number of County jobs decreased by 1.7% over the 2007:Q4 to 2008:Q4 period, while County employer payrolls were down by 1.3%. In CY 2009 County and State jobs are both forecast to decrease by 1.7%.

County jobs data show that from 2007:Q4 to 2008:Q4, the number of jobs in Baltimore County decreased by 1.7% compared to a decrease of 1.4% in Maryland, while payrolls fell 1.3% in Baltimore County and rose 1.0% at the State level. Over this same period, Baltimore County employers cut 6,397 positions from their payrolls. Nationally, non-farm payrolls decreased by 2.3 million jobs, or 1.6%, from 2007:Q4 to 2008:Q4. National payroll numbers declined by nearly 3.1 million, or an average of 257,000 jobs per month, during CY 2008, followed by additional job losses averaging 564,000 per month in the first six months of CY 2009. The July 2009 employment forecast from RESI (the economic research and consulting division of Towson University) predicts that in CY 2009, jobs at both the County and State levels will decrease by 1.7%, followed by smaller declines of 0.1% in the County and 0.3% in the State in CY 2010. The estimates for the County are slightly lower than those presented in RESI's April 2009 forecast, while the State estimates were essentially unchanged.

The County's June unemployment rate was 8.0%, slightly above the state unemployment rate but well below the national rate.

The unemployment rate among County residents was 8.0% in June 2009, up from 4.5% a year earlier and slightly more than the State rate of 7.5%. Within the Baltimore-Towson Metropolitan Statistical Area (MSA), the unemployment rate in June 2009 was also 8.0%. The MSA unemployment rate is strongly influenced by Baltimore City's unemployment rate, which stood at 11.0% in June. Excluding Baltimore City, the June 2009 MSA unemployment rate was 7.2%. Nationally, the seasonally adjusted unemployment rate was 9.5% in June 2009, up from 5.6% in June 2008 and the highest national unemployment rate since August 1983. BCEAC members noted, for the third consecutive meeting, that both local and national unemployment could continue to rise in the coming months as more companies are forced into hiring freezes and layoffs as a result of the economic downturn, though the stimulus bill could forestall some job losses.





PERSONAL INCOME

RESI currently estimates that County personal income growth was 5.74% in FY 2008 and 2.16% in FY 2009 and projects that it will be 0.6% in FY 2010.

The July 2009 forecast of FY 2010 PI growth is 174 basis points lower than the January 2009 forecast.

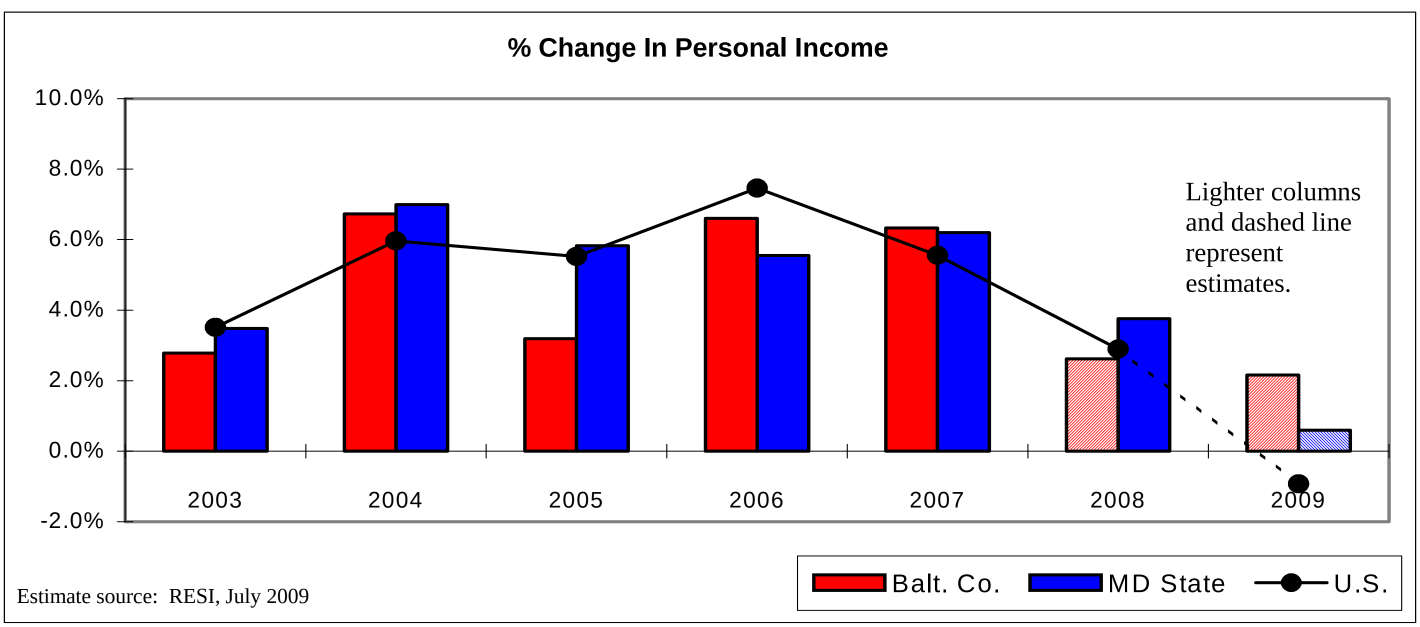
RESI's July 2009 forecast shows Baltimore County's personal income (PI) increasing by 2.16% and 0.6% in FY 2009 and FY 2010, respectively. Maryland's PI is forecast to increase by 2.24% and 0.86% in FY 2009 and FY 2010, respectively. RESI's July 2009 PI growth estimate for FY 2009 showed a downward revision of 26 and 36 basis points from the January 2009 estimate for Baltimore County and Maryland, respectively. The FY 2010 growth estimates showed more stark downward revisions of 174 basis points for the County and 175 basis points for the State. Longer-term, PI in Baltimore County is expected to grow by 4.4% in FY 2011, compared with 4.68% in the State, both downward revisions. These estimates reflect the current and projected worsening of the job market and depressed domestic and international economies, with most economists now expecting a recovery to begin in 2010.

PI growth in Maryland continues to outperform both Baltimore County and the nation as a whole.

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 28.3% in Maryland, 26.8% nationally, and 24.9% in Baltimore County. The most recent quarterly reading for Maryland shows PI increasing by 2.2% over the 2008:Q1 to 2009:Q1 period, while PI in the U.S. increased by 0.74% over the same period. (County data are reported annually.) Given the continued, though slowing, contractions in the national, state, and local economies, PI growth is not expected to accelerate in the near term. Nationally, in 2009:Q2, wages and salaries composed 52.2% of PI. Government transfer payments (17.8% of PI) increased again, primarily due to a 26.4% surge from 2009:Q1 in unemployment benefits' claims. Capital gains and losses are not included in the personal income calculation.

The County's Spending Affordability Committee adopted a spending growth rate limit of 4.24% for FY 2010. Revised estimates yield a 5-year average of 3.98% (26 basis points below the adopted growth rate).

For FY 2010, the County Spending Affordability Committee adopted a spending affordability growth rate limit of 4.24% based on a 5-year average of RESI's January 2009 estimates of annual PI growth for FY 2006 to FY 2010. The Committee concluded that a 5-year average provides a longer-term perspective to PI growth than a single-year forecast, smoothing out fluctuations based on economic highs and lows. Based on RESI's July 2009 estimates of annual PI growth, the average annual growth for FY 2006 to FY 2010 is 3.98%, or 26 basis points lower than the Committee's adopted growth rate.



EXISTING HOME SALES

In July 2009, the number of existing Baltimore County homes sold increased by 13.1% from a year earlier.

The average price of existing homes sold in Baltimore County fell 9.3% from July 2008 to July 2009.

Existing home sales in Baltimore County in FY 2009 totaled 5,595 units, 18.6% below FY 2008 and the lowest home sales total in at least 16 years. However, recent data at both the national and local level indicate that the housing market may be turning around with the help of low mortgage interest rates, falling home prices, and federal stimulus money for first-time homebuyers. The number of homes sold in the County in July 2009 totaled 647 units, up 13.1% from a year earlier, marking the first double-digit year-over-year monthly increase since September 2005. Prices continue to decline, with the price of an existing home sold in the County averaging $279,109 in July 2009, down 9.3% from July 2008. Meanwhile, the active inventory in July fell by 10.1% from July 2008. The BCEAC residential real estate representative indicated that the County's active inventory has fallen below 7 months in part due to "seller fatigue," and that one third of the homes sold in June were on the market for 30 days or less. First-time homebuyers continue to dominate the market, though there was an uptick in the number of high-end homes sold in recent months.

July 2009 pending existing home sales were up 99.2% compared to a year earlier.

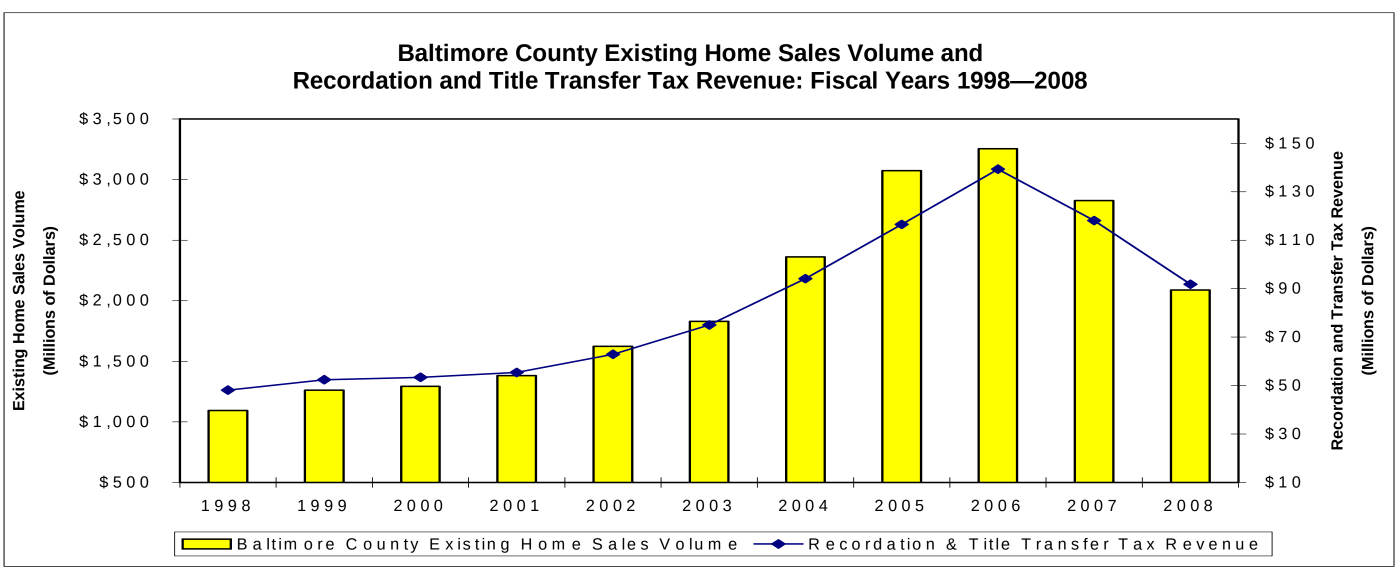
Pending existing home sales in July 2009 totaled 711, up 354 units, or 99.2%, from July 2008 (which had the lowest pending home sales total since December 1994), following a 12.4% increase in June 2009. July 2009 was the third consecutive month in which pending home sales showed a year-over-year increase of 10% or more.

Reflecting lower home prices and lower mortgage interest rates, the monthly mortgage payment for the average-priced County home sold was 20% lower in July 2009 versus July 2008.

Mortgage interest rates (for 30-year conventional mortgages) in July 2009 were 5.22%, down 121 basis points from July 2008 when rates were 6.43%. Over this same period, the average price of an existing home sold in Baltimore County decreased by 9.3%, compared to a decrease of 5.1% for Maryland. The combination of 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 $1,536 in July 2009, 20% below the July 2008 level of $1,930.

Property-related transaction tax revenues fell sharply over the past three years and are expected to remain flat in FY 2010.

Property-related transaction tax revenues (recordation and title transfer tax revenues) totaled $91.8 million in FY 2008, a decrease of 34% from the record-setting $139.2 million in FY 2006, reflecting a lower level of housing transactions at lower prices. For FY 2009, property-related transaction tax revenues are estimated to have declined by 29% from FY 2008 levels due to a continued decline in both housing prices and the number of local real estate transactions. These revenues are expected to remain flat in FY 2010.



CONSTRUCTION

The total value of construction permits issued in 2009:Q1 decreased 32.6% from a year earlier, reflecting a poor performance among most construction sectors.

Construction permits issued in Baltimore County in 2009:Q1 totaled $137.4 million, which is $66.6 million, or 32.6%, below 2008:Q1. The 2009:Q1 permit valuation, which reflects a poor performance among most construction sectors, follows year-over-year decreases of 26.5% in 2008:Q4 and 11.4% in 2008:Q3. After falling 35.5% from 2007:Q4 to 2008:Q4, residential construction fell 77.6% from 2008:Q1 to 2009:Q1. Commercial construction similarly showed a sharp decline of 86.0% over the same period. In 2009:Q1, the only new non-residential construction permit valued over $330,000 issued in the County was for a $700,000 shell office building in Perry Hall-White Marsh. From CY 2007 to CY 2008, the value of new residential and non-residential construction permits grew by 20.4% and 12.1%, respectively, while additions, alterations, and repairs (AAR) activity fell 16.2%. BCEAC members indicated that because commercial real estate is a lagging indicator, the non-residential construction market is expected to remain slow through CY 2010. Construction employment represented 7.2% of County jobs and had an average wage rate that was 27.4% above the County average in 2008:Q4 (data for 2009:Q1 is not yet available). Though the number of jobs available has diminished in recent months, construction activity continues to support quality jobs, the number of which is likely to be bolstered by monies from the stimulus bill.

New non-residential building permit activity fell 86.0% in 2009:Q1.

New non-residential building activity in 2009:Q1, perhaps the most volatile component of new construction, saw the value of permits plummet to $1.4 million, down $8.6 million, or 86.0%, from 2008:Q1. (There were three projects totaling $250,000 or more in 2009:Q1.)

Additions, alterations, and repairs activity in 2009:Q1 rose 30.9% from a year earlier to $111.7 million.

Additions, alterations, and repairs (AAR) activity in 2009:Q1 totaled $111.7 million, up $26.3 million, or 30.9%, from 2008:Q1 and 27.5% above the average of 1st quarter activity over the last 4 years. The total value of residential AAR permits fell 19.0% from 2008:Q1 to 2009:Q1, while the value of non-residential AAR permits rose 46.4% over the same period.

In 2009:Q1, the total number of new residential building permits fell 73.6% compared to a year earlier.

New residential building permit data show that the total number of permits issued in 2009:Q1 decreased by 73.6% from the number issued in 2008:Q1, due in part to the surplus of new and existing homes currently on the market. The total dollar value of the new residential building permits issued in 2009:Q1 fell by $84.3 million, or 77.6%, to $24.3 million.