Table of Contents

Transmittal Letter…….…………….i

Revenue Highlights…...………...1

Revenue Forecast &
Economic Outlook…………………2

National Economic Indicators….3

Local Economic Perspective:

Employment....…….……………5

Personal Income…………….…..6

Existing Home Sales……..…...7

Construction………....………..8

BALTIMORE COUNTY FISCAL DIGEST

GENERAL FUND REVENUES & THE ECONOMY

Baltimore County, Maryland

August 10, 2010

Office of the County Auditor

Lauren M. Smelkinson, CPA
Acting County Auditor

Elizabeth J. Irwin
Director, Fiscal and Policy Analysis

Terri K. Bacote-Charles
Principal Analyst

Marie B. Jeng
Senior Analyst

Carrie B. Vivian
Senior Analyst

Philip S. Gear
Analyst

LAUREN M. SMELKINSON, CPA
ACTING COUNTY AUDITOR

BALTIMORE COUNTY, MARYLAND
OFFICE OF THE COUNTY AUDITOR

400 WASHINGTON AVENUE
TOWSON, MARYLAND 21204
410-887-3193
410-887-4621 (FAX)

August 17, 2010

Honorable Members of the Baltimore County Council

Gentlemen:

I hereby submit the Baltimore County Fiscal Digest of General Fund Revenues and the Economy as of August 10, 2010. This report includes revised FY 2010 and FY 2011 General Fund revenue projections and summarizes current economic conditions affecting the County.

The revised revenue projection for FY 2010 reflects a shortfall of $129.5 million, or 8.0%, from the FY 2010 adopted budget estimate, primarily due to a shortfall in income tax revenues. This shortfall was brought to light when the County received its November 2009 distribution of income tax revenues from the State; subsequent income tax distributions for FY 2010 have continued to reflect declines through July 2010. Overall, FY 2010 income tax revenues are expected to fall an unprecedented $142.1 million, or 22.2%, from FY 2009 collections. The dramatic income tax revenue decline is in addition to significant mid-year reductions in State aid, which had an estimated $21.3 million effect on the County's General Fund. After taking into account other minor revisions based on year-to-date collections, which have not yet been finalized for the fiscal year, FY 2010 revenues are projected to total $1.492 billion, a decline of $143.1 million, or 8.8%, from FY 2009 revenues.

As you are aware, in order to address the FY 2010 General Fund revenue shortfall, the Administration transferred $117.4 million from other funds, including the Capital Projects Fund and the Economic Development Revolving Financing Fund, to the General Fund. This funding transfer, along with significant reversions in the Insurance and Retirement budgets, will allow the County to end FY 2010 with a balanced budget.

Moving forward, the Baltimore County Economic Advisory Committee expressed a lukewarm outlook, predicting a level performance at best, for the national and regional economies, including Baltimore County. Preliminary forecasts that project FY 2011 revenue growth of 5.0% may appear to contradict this outlook but do not; rather, they reflect the one-time nature of a correction to the County's income tax distribution made by the State in FY 2010, combined with ongoing gains in property tax revenues, which are largely due to the multi-year smoothing effect of the County's 4% Homestead cap. Property-related transaction tax revenues are forecast to be flat due to the expectation that the housing market will remain slow through the end of CY 2010, with no significant increase in housing prices until at least CY 2012. The State aid reductions to the County's General Fund implemented in FY 2010 (estimated to total $40.9 million) are expected to continue in FY 2011.

Unreserved, undesignated General Fund Balance (Surplus) as of June 30, 2010 is expected to total approximately $105.0 million, based on current FY 2010 revenue projections and the FY 2010 expenditure estimates reported in the Executive's Budget Message on April 15, 2010. This amount does not include $9.6 million designated to fund the FY 2011 budget. In addition to the Surplus balance, the Revenue Stabilization Reserve Account (Rainy Day account) is expected to total $84.3 million as of June 30, 2010. The expected Surplus and Rainy Day amounts combined total $189.3 million. Final FY 2010 figures will be available in the coming weeks.

We will continue to monitor economic activity and revenue collections, particularly FY 2011 income tax distributions from the State. Our next update will include final figures for FY 2010 and will follow the October meeting of the Baltimore County Economic Advisory Committee.

Respectfully submitted,

Lauren M. Smelkinson

Lauren M. Smelkinson, CPA
Acting County Auditor

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

REVENUE HIGHLIGHTS

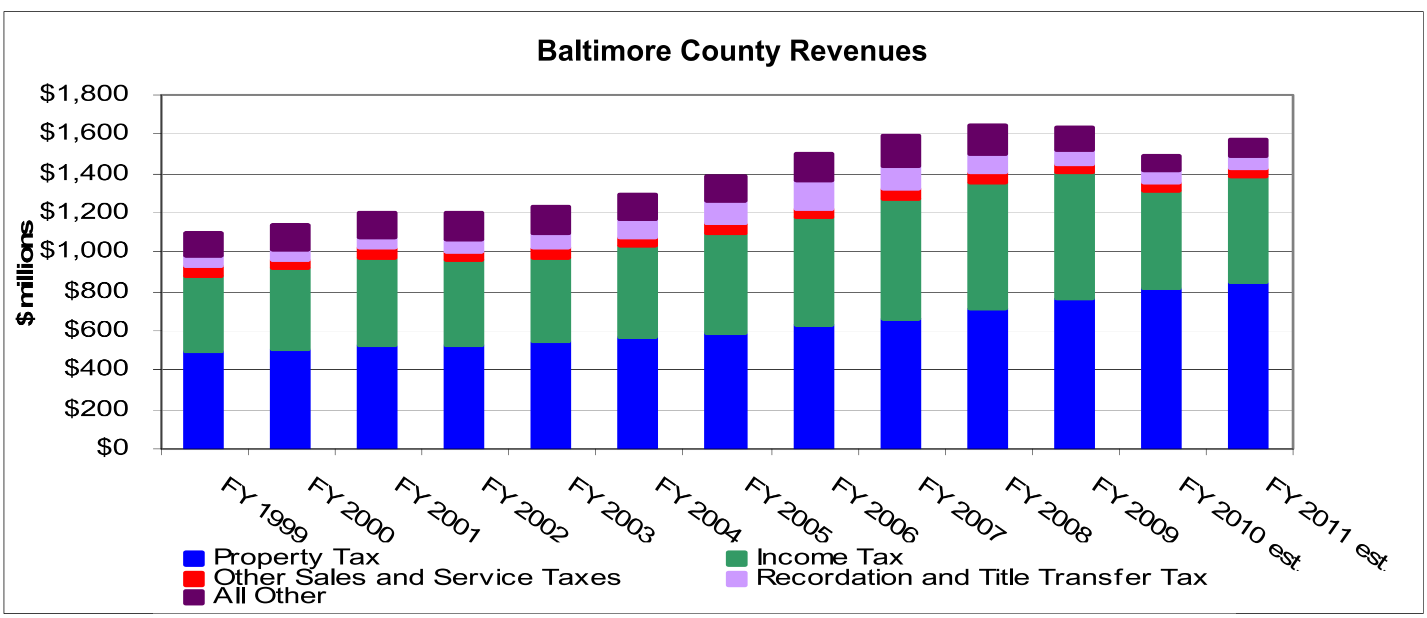
Unreserved, undesignated General Fund Balance (Surplus) as of June 30, 2010 is expected to total approximately $105.0 million, based on current FY 2010 revenue projections and the FY 2010 expenditure estimates reported in the Executive's Budget Message on April 15, 2010. This amount does not include $9.6 million designated to fund the FY 2011 budget. In addition to the Surplus balance, the Revenue Stabilization Reserve Account (Rainy Day account) is expected to total $84.3 million as of June 30, 2010. The expected Surplus balance and Rainy Day amounts together total $189.3 million, or 11.8% of the FY 2011 General Fund budget. Actual Surplus totals as of June 30, 2010, which will reflect final FY 2010 revenues and expenditures, will be available soon.

FY 2010 County General Fund revenues are expected to total approximately $1.492 billion, which falls short of original budget estimates by $129.5 million, or 8.0%. In order to address this revenue shortfall, the Administration transferred $117.4 million from other funds, including the Capital Projects Fund and the Economic Development Revolving Financing Fund, to the General Fund, lowering the projected shortfall to approximately $12.1 million. Excluding these transferred funds, anticipated FY 2010 revenues reflect a decline of $143.1 million, or 8.8%, from FY 2009 revenues, and are less than FY 2006 revenues.

This significant decline is due to steep reductions in both income tax collections and State aid, as well as moderate declines in property-related transaction tax revenues and various other revenue sources. These declines are partially offset by steady growth in property tax revenues. Specifically, the County's property tax revenues are expected to increase by $48.7 million, or 6.4%, in FY 2010. This 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), as well as an increase in corporate property tax collections.

FY 2010 income tax collections are expected to decline by $142.1 million, or 22.2%, due to the State's reconciliation of its FY 2009 overdistribution, combined with declining employment levels, stagnant wage growth, and low capital gains. Mid-year State aid reductions to the County's General Fund totaled $21.3 million, bringing estimated State Aid revenues to $27.6 million, down $40.9 million, or 59.7%, from FY 2009 totals. The County also experienced the anticipated declines in property-related transaction tax revenues and moderate declines in various other revenue sources (including investment income and building permit and inspection fees) as a result of the continued challenges facing the local and national economies.

FY 2011 General Fund revenues are projected to reach $1.568 billion, down approximately $54.2 million, or 3.3%, from budgeted FY 2010 revenues. Although lower than FY 2010 budgeted revenues, the FY 2011 projection represents an increase of $75.3 million, or 5.0%, over the FY 2010 revised estimate. The projected 5.0% revenue growth in FY 2011 primarily reflects anticipated gains in the County's property tax revenues combined with a modest rebound in County income tax collections due to the one-time nature of the income tax correction made by the State in FY 2010. Property-related transaction tax revenues are forecast to be flat due to the expectation that the housing market will remain slow through the end of CY 2010, with no significant increase in housing prices until at least CY 2012. The State aid reductions implemented in FY 2010 (estimated at $40.9 million) are expected to continue in FY 2011.



REVENUE FORECAST & ECONOMIC OUTLOOK

A slight rebound in General Fund revenues is anticipated in FY 2011, following a pronounced decline in FY 2010 due to significant reductions in income tax collections and State aid. Despite this improvement, projected revenues in FY 2011 are less than FY 2007 revenue collections.

($ Millions) Revenue Source	Actual FY 2009	FY08-09 Change	Est. FY 2010	FY09-10 Change	Est. FY 2011	FY10-11 Change
Property Taxes	$ 765.6	7.4%	$ 814.3	6.4%	$ 846.6	4.0%
Income Tax	640.2	-0.1%	498.1	-22.2%	538.3	8.1%
Sales & Service Taxes	47.4	-10.7%	43.3	-8.6%	43.3	0.0%
Recordation Tax	22.1	-33.8%	19.9	-10.0%	19.9	0.0%
Title Transfer Tax	43.1	-26.2%	41.0	-4.9%	41.0	0.0%
Investment Income	4.8	-61.6%	0.9	-80.4%	1.2	27.7%
Intergovernmental	70.4	-10.2%	28.6	-59.4%	27.8	-2.6%
All Other	41.8	-16.7%	46.2	10.5%	49.5	7.2%
Total Revenue	$ 1,635.4	-0.3%	$ 1,492.3	-8.8%	$ 1,567.6	5.0%

The Baltimore County Economic Advisory Committee (BCEAC) expressed continued pessimism at its July 2010 meeting, despite observing some improvement in certain sectors. The Committee noted that money and credit remain tight, manufacturing orders are not improving, and the housing market has stalled following the expiration of the first-time homebuyer tax credit. On the positive side, while the Committee predicted that unemployment will remain high for the foreseeable future, it was reported that some sectors are adding jobs, that the hiring of temporary workers has increased, and that job seekers appear more optimistic than in recent months. In addition, the County has seen pockets of economic growth in the retail sector, particularly in the Towson area. The Committee noted that while the Federal Government's implementation of the Base Realignment and Closure (BRAC) Commission recommendations has not benefitted the County significantly thus far, the potential for future BRAC-related growth remains. Further, the region's proximity to Washington, D.C. and associated Federal Government presence continues to be a stabilizing factor in the midst of economic uncertainty. Members' near-term outlook for the local economy remains cautious due in part to the following factors:

- **Consumer apprehension and its ill effects continue,** as the consumer generally accounts for over two-thirds of total economic activity. While some stores have successfully used promotions and community events to draw in customers and gain market share, caution and curbed spending prevail.

- **The job market remains weak**, with job losses continuing in many sectors and employers still very selective in their hiring. However, limited opportunities are becoming available locally, particularly in the federal government sector, and unemployed workers seem more willing to look for positions.

- **The residential real estate market remains soft,** despite a temporary uptick in the spring attributed to the federal tax credit deadlines and low mortgage interest rates. The Committee noted that pending home sales are down year-over-year following the expiration of the federal tax credits, and it was predicted that prices will remain flat for the next several years. Due to continued declines in the number and value of residential real estate transactions in the region, County property-related transaction tax revenues fell for the fourth consecutive year 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. Also, the commercial real estate market is stalled, with only marginal development anticipated in the next several years.

- **World output declined 0.6% in 2009,** marking the first decline since the International Monetary Fund began collecting data in 1970; however, much improved growth rates of 4.2% and 4.3% are expected in 2010 and 2011, respectively.

NATIONAL ECONOMIC INDICATORS

In 2010:Q2, the U.S. economy grew at a slowed annualized rate of 2.4%.

Real U.S. Gross Domestic Product (GDP) in 2010:Q2 increased at an annualized rate of 2.4%. This quarter's performance represents a deceleration from the 2010:Q1 annualized increase of 3.7%. The major factor contributing to the slowing growth in 2010:Q2 GDP was a deceleration in personal consumption from 4.2% to 1.6%, particularly of non-durable goods. This deceleration, however, is tempered by an acceleration of private domestic investment (most notably equipment and inventory), a dramatic acceleration in imports (11.2% to 28.8%), and escalating federal government consumption and investment (1.8% to 9.2%). For all of 2009, real GDP contracted by 2.6% (the first annual contraction since 1991), compared to growth of 0.4% in 2008, and 10-year average growth of 1.9%. The May 2010 release of the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters* projects real GDP growth of 3.3% for all of 2010, and 3.1% in 2011. Economists project somewhat stable GDP growth for the next five quarters and expect job growth to begin rebounding in late 2010 with some resurgence in consumer spending. These projections have led many to believe that the recession, which began in December 2007 (as defined by the National Bureau of Economic Research), is reaching its end. However, a prolongedly weak labor market (9.6% unemployment projected in 2010) and strikingly variable, even weakening personal expenditures certainly justify the lukewarm optimism expressed by BCEAC members about the local economic outlook in 2010.

After a 2.6% contraction in 2009, the first annual contraction since 1991, real GDP is expected to increase by 3.3% in 2010.

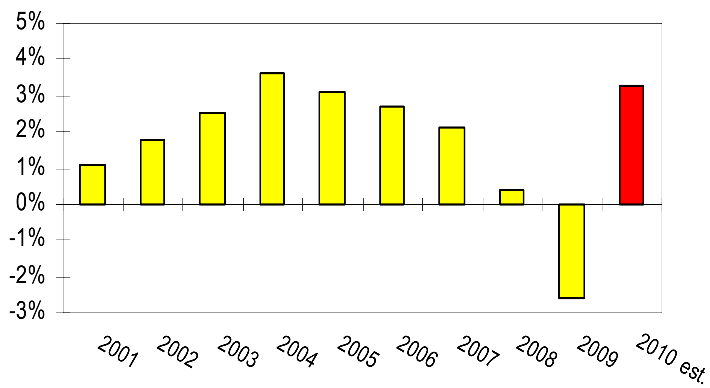
Real consumer spending growth slowed to an annualized rate of 1.6% in 2010:Q2.

Real consumer spending, which accounts for roughly two-thirds of all U.S. economic activity, increased at an annualized rate of 1.6% during 2010:Q2 after increasing 1.9% in 2010:Q1. Spending previously grew 0.9% in 2009:Q4 and 2.0% in 2009:Q3. From 2010:Q1 to 2010:Q2, consumer spending growth decelerated from 8.8% to 7.5% (durable goods) and from 1.9% to 1.6% (non-durable goods), and accelerated from 0.1% to 0.8% (services), illustrative of the instability of consumer spending over the past 6 quarters. Members of the BCEAC expressed tempered expectations for personal consumption due to the uncertain recovery in housing and stagnation in manufacturing.

Consumer confidence decreased again in July 2010.

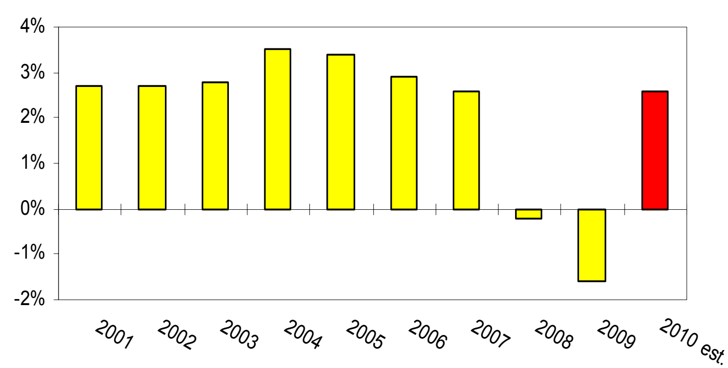
Consumer confidence, after increasing three straight months, fell for the second month in July 2010, based on a survey of 5,000 U.S. households by The Conference Board (a well-known economic research organization). The Conference Board noted the decline in confidence, as "consumers continue to grow increasingly more pessimistic about the short-term outlook." The Conference Board reports that due to increasing pessimism regarding future income and the depressed job market, "retailers are very likely to face a challenging back-to-school season."

Real GDP: Annual % Change



Estimate Source: *Survey of Professional Forecasters*, May 2010

Real Consumer Spending: Annual % Change



Estimate Source: *Survey of Professional Forecasters*, May 2010

The Federal Reserve's Federal Open Market Committee (FOMC) held interest rate targets between 0% and 0.25% during its August 10, 2010 meeting.

Interest rate targets were maintained between 0% and 0.25% at the August 10, 2010 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. The current interest rate target range is the lowest since the FOMC's inception in 1954. Expanding household spending and increased business spending on equipment and software are signs of a weak economic recovery. However, high unemployment, modest income growth, lower housing wealth, depressed housing starts and reduced bank lending, in addition to weak investment in nonresidential structures, continue to suggest doubtful economic gains. Due to this domestic economic uncertainty, the FOMC announced a new program that would reinvest principal payments from the agency debt and mortgage-backed securities it currently holds. The FOMC will reinvest $18 billion in treasury securities through mid-September, at which point it will announce the next round of reinvestment purchases. The FOMC continues to expect inflationary pressures to remain subdued due to lower prices of energy and other commodities and "substantial resource slack" dampening cost pressures.

The threat of inflation has moderated due to the high unemployment rate, which dampens cost pressures.

INTEREST RATE CHANGE FROM JULY 2009 TO JULY 2010

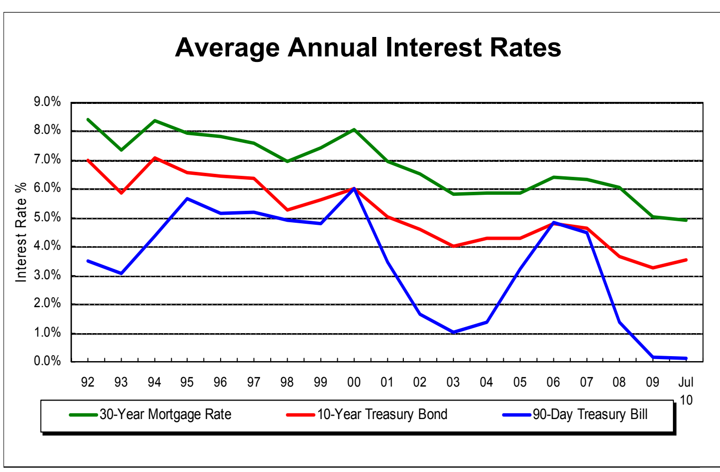
	Basis Points*
90-Day Treasury Bills	-2
10-Year Treasury Bonds	-55
30-Year Conventional Mortgage	-66

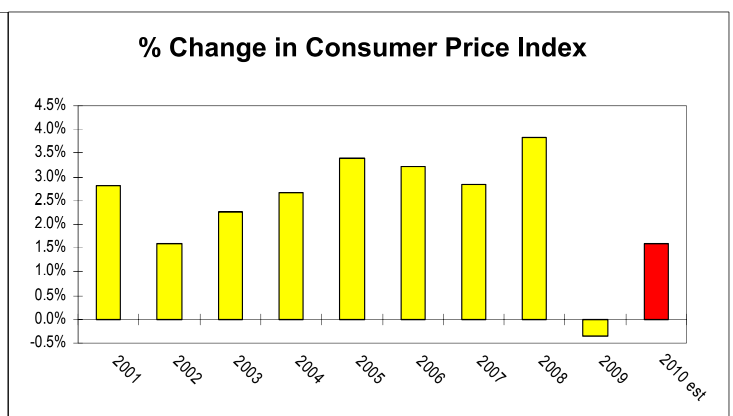
* A basis point is equal to .01 percentage point.

Short-term interest rates are likely to stay near 0%. Weak economic conditions such as low rates of resource utilization, subdued inflation trends, and stable inflation expectations will likely "warrant exceptionally low levels of the federal funds rate for an extended period."

From June 2009 to June 2010, consumer inflation was 1.1%. Inflation is forecast at 1.6% and 2.0% for CY 2010 and CY 2011, respectively.

Inflation, as measured by the Consumer Price Index-All Urban Consumers (CPI-U), was 1.1% over the June 2009 to June 2010 period. Inflation growth has been consistently at or above 2.0% since December 2009 (December 2008 to December 2009 period), following 8 months of contraction. Previously, CPI-U had not contracted in a year-over-year comparison since August 1955. Core inflation (which excludes food and energy inflation) was 0.9% over the June 2009 to June 2010 period (constant since April), the first time core inflation has dropped below 1% growth since January 1965. For CY 2009 the CPI decreased by 0.4%, while it increased 3.8% in CY 2008. The current year-over-year inflation forecast for CY 2010 is 1.6%, followed by 2.0% for CY 2011, according to the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters*, May 2010. The *Survey* projects that annual inflation will average 2.4% over the 2010 to 2019 period.





Estimate Source: *Survey of Professional Forecasters*, May 2010

LOCAL ECONOMIC PERSPECTIVE

EMPLOYMENT

The employment level in the County has declined for 24 consecutive months, causing income tax collections to decline as well.

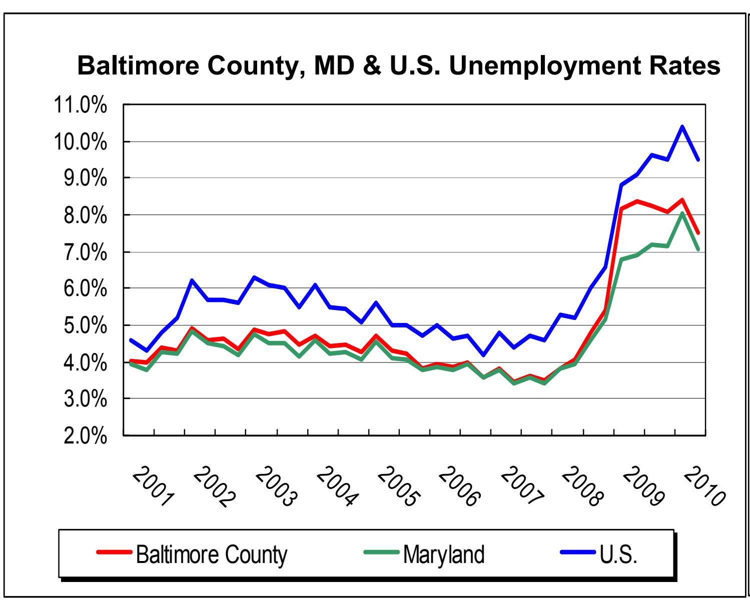
Employment, as measured by place of residence, is falling for both Baltimore County and Maryland. Over the June 2009 to June 2010 period, Baltimore County residential employment decreased by 6,881 persons, or 1.7%, while Maryland residential employment decreased by 49,949 persons, or 1.8%. Year-over-year employment in Baltimore County has declined for 24 consecutive months, with the May 2009 decline of 4.3% marking the steepest employment decline since December 1990. The employment decline in Baltimore County contributed to the decline in County income tax collections in FY 2010 and will continue to impact revenues in FY 2011.

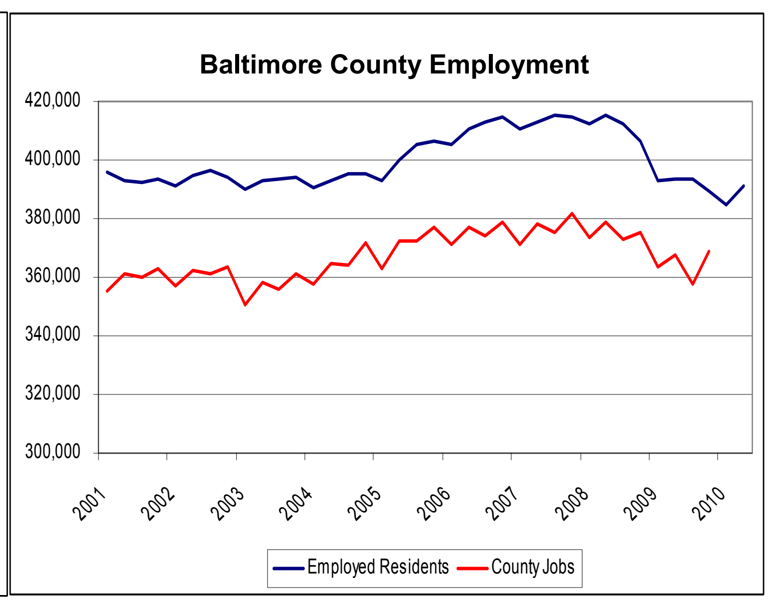
The number of County jobs decreased by 1.8% over the 2008:Q4 to 2009:Q4 period, while County employer payrolls were up by 2.2%. In CY 2010, County and State jobs are forecast to decrease by 0.3%.

County jobs data show that from 2008:Q4 to 2009:Q4, the number of jobs in Baltimore County decreased by 1.8% compared to a decrease of 2.9% in Maryland, while payrolls rose 2.2% in Baltimore County and 1.3% at the State level. Over this same period, Baltimore County employers cut 6,573 positions from their payrolls. Nationally, non-farm payrolls decreased by 5.4 million jobs, or 4.0%, from 2008:Q4 to 2009:Q4. National payroll numbers declined by approximately 4.7 million jobs, or an average of 395,000 jobs per month, during CY 2009, followed by job gains averaging 147,000 per month in the first 6 months of CY 2010. June was the first month in CY 2010 to show a decline, with approximately 125,000 jobs shed. The July 2010 employment forecast from RESI (the economic research and consulting division of Towson University) predicts that in CY 2010, jobs at the County and State levels will both decrease by 0.3%, following declines of 3.2% and 3.0%, respectively, in CY 2009.

The County's June unemployment rate was 7.9%, which is higher than the State unemployment rate but well below the national rate.

The unemployment rate among County residents was 7.9% in June 2010, up from 7.8% a year earlier and higher than the current State rate of 7.4%. Within the entire Baltimore-Towson Metropolitan Statistical Area (MSA), the unemployment rate in June 2010 was also 7.9%. 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 2010 MSA unemployment rate was 7.1%. Nationally, the seasonally adjusted unemployment rate was 9.5% in June 2010, identical to the rate in June 2009 and slightly lower than the 9.7% unemployment rate in May 2010. BCEAC members noted that the job loss rate for County residents continues to slow, and the unemployment rate has stabilized and is expected to remain stable for the near term.





PERSONAL INCOME

RESI currently projects that County personal income growth will be 2.44% in FY 2011 and 3.03% in FY 2012.

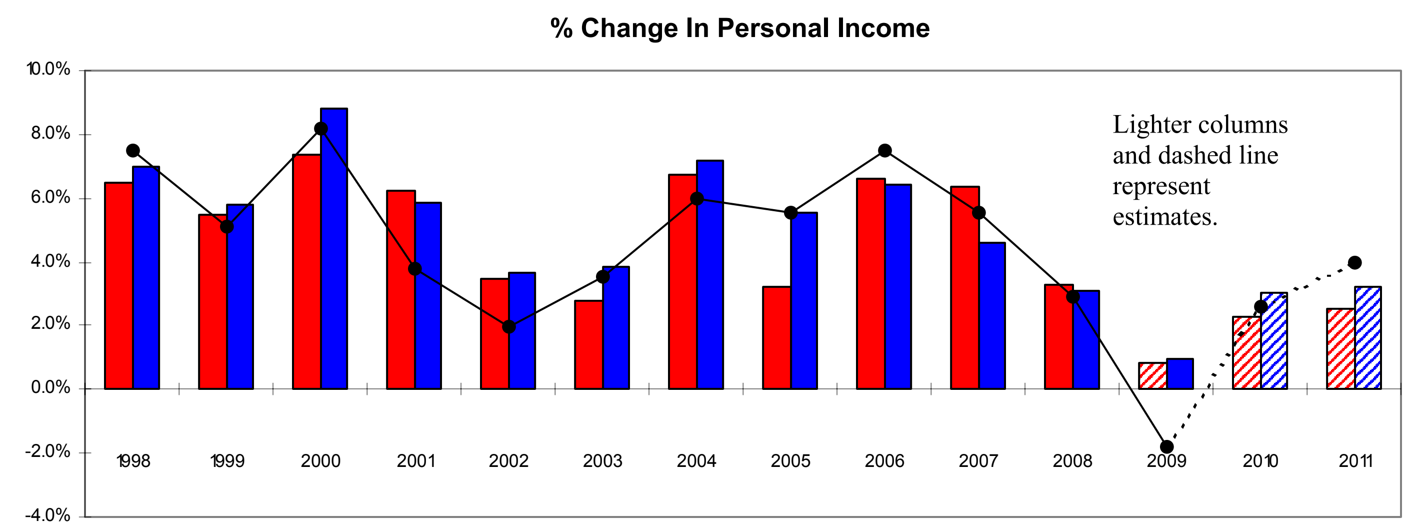
RESI's personal income (PI) growth forecasts continue to fluctuate over the last five quarterly reports. RESI's July 2010 forecast shows Baltimore County's PI increasing by 1.40% and 2.44% in FY 2010 and FY 2011, respectively. Maryland's PI is forecast to increase by 1.67% and 2.81% in FY 2010 and FY 2011, respectively. RESI's July 2010 PI growth estimates for FY 2010 and FY 2011 showed downward revisions from the April 2010 estimates for both Baltimore County and Maryland. Longer-term, PI in Baltimore County is expected to grow by 3.03% in FY 2012, compared with 3.40% in the State, both slight downward revisions from the April 2010 estimates. These estimates reflect the tenuous expectation of a gradual but sustained domestic recovery with slow employment growth.

Personal income growth is unlikely to accelerate in the near term.

Over the 1998 to 2008 period, PI in Maryland and Baltimore County increased at a faster pace than it did nationally, with total increases of 70.3% in Maryland, 64.9% in Baltimore County, and 62.6% nationally. The most recent quarterly reading for Maryland shows PI increasing by 0.85% from 2009:Q4 to 2010:Q1, while PI in the U.S. increased by 0.97%. (County data are reported annually.) Given the prolonged weak nature of the national, state, and local economies, PI growth is unlikely to accelerate in the near term. Nationally, in 2010:Q2, wages and salaries composed 50.9% of PI, a slight decrease from the 51.0% composition during 2010:Q1. Government transfer payments (18.0% of PI) are principally composed of unemployment benefits and old-age/disability/health insurance benefits, which have increased 284.3% and 15.6%, respectively, since the recession began in 2008:Q1.

The County's Spending Affordability Committee adopted a spending growth limit of 3.80% for FY 2011 based on a 5-year average of annual personal income growth over the FY 2007 to FY 2011 period.

For FY 2011, the County's Spending Affordability Committee adopted a spending growth rate limit of 3.80% based on a 5-year average of RESI's January 2010 estimates of annual County PI growth for FY 2007 to FY 2011. The Committee maintained this policy of utilizing a 5-year average of annual PI growth rates, originally adopted in FY 2010. The use of averaging smoothes out economic fluctuations, stabilizing spending growth over time, and it corrects for revisions over time to current and prior year personal income growth forecasts. Based on RESI's July 2010 estimates of annual County PI growth, the average annual growth for FY 2007 to FY 2011 is 3.15%, or 65 basis points lower than the Committee's adopted growth rate of 3.80% for FY 2011.



Estimate source: RESI, July 2010

EXISTING HOME SALES

In June 2010, the number of existing Baltimore County homes sold increased by 0.9% from a year earlier.

The median price of existing homes sold in Baltimore County was essentially unchanged between June 2009 and June 2010.

June 2010 pending existing home sales were down 23.8% compared to a year earlier.

Reflecting flat home prices and lower mortgage interest rates, the monthly mortgage payment for a median-priced County home sold was 7.4% lower in June 2010 versus June 2009.

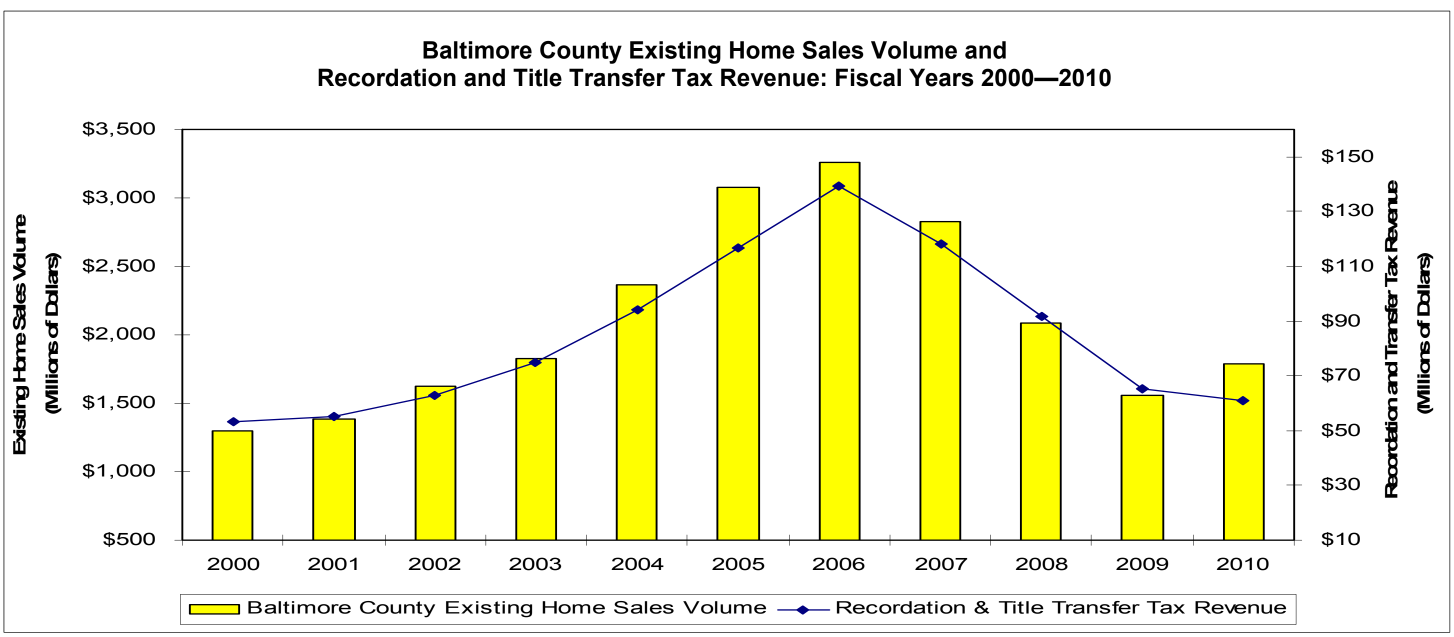
Property-related transaction tax revenues fell sharply in FY 2009 and continued to decline in FY 2010. These revenues are expected to remain flat in FY 2011.

Existing home sales in Baltimore County totaled 6,660 units in FY 2010, 19.0% above FY 2009 and the first year-over-year increase in units sold since FY 2005. However, FY 2010 home sales remain 3.2% below the FY 2008 total, and recent data at both the national and local levels indicate that the federal stimulus money for first-time homebuyers resulted in a temporary spike in home sales that ended on June 30, 2010, while the long-term trend continues to decline. The number of homes sold in the County in June 2010 totaled 681 units, up 0.9% from a year earlier. Prices remain low, with the median price of an existing home sold in the County totaling $229,900 in June 2010, essentially unchanged from June 2009. Meanwhile, the active inventory in June 2010 rose by 9.1% from June 2009. The BCEAC residential real estate representative reported that pending home sales are declining, and that even though units sold year-to-date in the County are ahead of last year, total sales in CY 2010 are likely to be flat compared to CY 2009.

Pending existing home sales in June 2010 totaled 573, down 179 units, or 23.8%, from June 2009, following a 39.3% decrease from May 2009 to May 2010. Prior to May 2010, pending home sales showed a year-over-year increase of 5% or more in 11 of the previous 12 months, reflecting the impact of the federal stimulus money for first-time homebuyers.

Mortgage interest rates (for 30-year conventional mortgages) in June 2010 were 4.74%, down 68 basis points from June 2009 when rates were 5.42%. Over this same period, the median price of an existing home sold in Baltimore County remained flat, compared to a decrease of 3.0% for Maryland. The combination of flat home prices and lower mortgage interest rates caused the monthly payment for the median-priced Baltimore County home (financed with a 30-year conventional mortgage loan) to fall to $1,198 in June 2010, 7.4% below the June 2009 level of $1,294 (principal and interest only).

Property-related transaction tax revenues (recordation and title transfer tax revenues) totaled $65.2 million in FY 2009, a decrease of 29% from FY 2008 collections, reflecting a lower level of housing transactions at lower prices. Based on preliminary data, FY 2010 property-related transaction tax revenues totaled $60.9 million, down 6.6% from FY 2009 levels, reflecting a continued decline in housing prices and subdued demand despite the first-time homebuyer tax credit. These revenues are forecast to remain flat in FY 2011.



CONSTRUCTION

The total value of construction permits issued in 2010:Q1 increased 77.9% from a year earlier, primarily reflecting a strong performance in new non-residential construction.

Construction is among the most volatile components of the County's economy. Construction permits issued in Baltimore County in 2010:Q1 totaled $244.4 million, $107.0 million, or 77.9%, above 2009:Q1, which was the slowest quarter for construction permits since 1997:Q2. The 2010:Q1 permit valuation, which reflects a strong performance across construction sectors, follows a year-over-year increase of 26.6% in 2009:Q4. Residential construction is showing signs of strength, growing 121.0% from 2009:Q1 to 2010:Q1. Non-residential construction showed a sharp increase of $62.1 million, or 4,467.1%, over the extremely weak performance of $1.4 million in 2009:Q1. This increase is primarily due to the new George Washington Carver Center for Arts and Technology High School in Towson, valued at $58.7 million. Two other new non-residential construction permits valued at $1.4 million or more were issued in the County in 2010:Q1: $2.0 million for a new retail store in Chase-Bowleys Quarters and $1.4 million for a new drive-thru pharmacy in Woodlawn.

Additions, alterations, and repairs activity in 2010:Q1 rose 13.8% from a year earlier to $127.2 million.

Additions, alterations, and repairs (AAR) activity in 2010:Q1 totaled $127.2 million, up $15.5 million, or 13.8%, from 2009:Q1 and 28.3% above the average of 1st quarter activity over the last 4 years. The total value of residential AAR permits fell 15.7% from 2009:Q1 to 2010:Q1, while the value of non-residential AAR permits rose 18.9% over the same period.

In 2010:Q1, the total number of new residential building permits rose 293.1% compared to a year earlier, while the dollar value of these permits rose 121.0%.

New residential building permit data show that the total number of permits issued in 2010:Q1 increased by 293.1% from the number issued in 2009:Q1, with multi-family unit permits up 442.0% and single-family unit permits up 101.6%. This sharp increase in residential permits provides evidence that builders are becoming more optimistic about the future of the local housing market. The total dollar value of the new residential building permits issued in 2010:Q1 rose $29.4 million, or 121.0%, to $53.7 million, following an increase of 33.3% in 2009:Q4. The County hasn't seen two consecutive quarters of year-over-year increases in residential building permits since 2006:Q2. However, despite high volume, the value of new residential building permits in 2010:Q1 remains below the 7-year average of 1st quarter activity.

Construction employment represented 6.1% of County jobs in 2009:Q4 (the most recent data available).

Construction employment represented 6.1% of County jobs and had an average wage rate that was 23.5% above the County average in 2009:Q4 (the most recent data available). Though the number of jobs available has fallen in recent months, construction activity continues to support quality jobs.

Value of Baltimore County Construction Permits: January through March