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BALTIMORE COUNTY FISCAL DIGEST

GENERAL FUND REVENUES & THE ECONOMY

Baltimore County, Maryland

January 4, 2010

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January 6, 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 January 4, 2010. This report provides FY 2009 General Fund revenue totals and revised FY 2010 General Fund revenue projections in addition to summarizing economic conditions affecting the County.

The revised revenue projection for FY 2010 reflects a shortfall of $138 million, or 8.5%, from the FY 2010 adopted budget estimate, primarily because of 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. While the budget projected a fairly significant decline in income tax revenues for FY 2010, such a tremendous slide was not anticipated. A number of factors contributed to this downturn, including the timing of the State's reconciliation of tax year 2008 revenues, which were over-distributed during FY 2009, the State's method of basing current-year distributions on the most recently reconciled tax year's performance, and the persistently weak job market. Overall, FY 2010 income tax revenues are expected to fall an unprecedented $140.2 million, or 21.9%, from FY 2009 collections.

The dramatic income tax revenue decline is in addition to the reductions in State aid announced in August, which are expected to have a $21.2 million effect on the County's General Fund. After taking into account other minor revisions based on year-to-date revenues, FY 2010 revenues are projected to total $1.484 billion, a decline of $152 million, or 9.3%, from FY 2009 revenues.

The revenue situation will necessitate action on the part of the Administration to curtail budgeted expenditures and/or draw down additional surplus funds this year. While the Administration has not indicated the extent to which expenditures will be controlled this year, we are aware of several options for reducing budgeted spending without impacting County services. For example, the budget could be reduced by $48.5 million appropriated for extra stop-loss protection in the Self Insurance fund in excess of what the financial consultant considered necessary and $13 million of extra funding appropriated for the County's contribution to the Employees Retirement System over and above the annual required contribution recommended by the actuary. In addition, the budget includes over $33 million in PAYGO funding that could potentially be reverted if previously appropriated unused PAYGO funding is available or if projects could be delayed.

Unreserved, undesignated General Fund Balance (Surplus) as of June 30, 2009 totaled $83 million, or 5% of the General Fund budget. This amount is in addition to the Revenue Stabilization Reserve Account (Rainy Day account), which totaled $84 million as of June 30, 2009.

We will continue to monitor economic activity and revenue collections, including any State actions that may impact current and future budgets. Our next update will include revised revenue projections for FY 2010 as well as a preliminary revenue forecast for FY 2011.

Respectfully submitted,

Mary P. Allen

Mary P. Allen
County Auditor

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

REVENUE HIGHLIGHTS

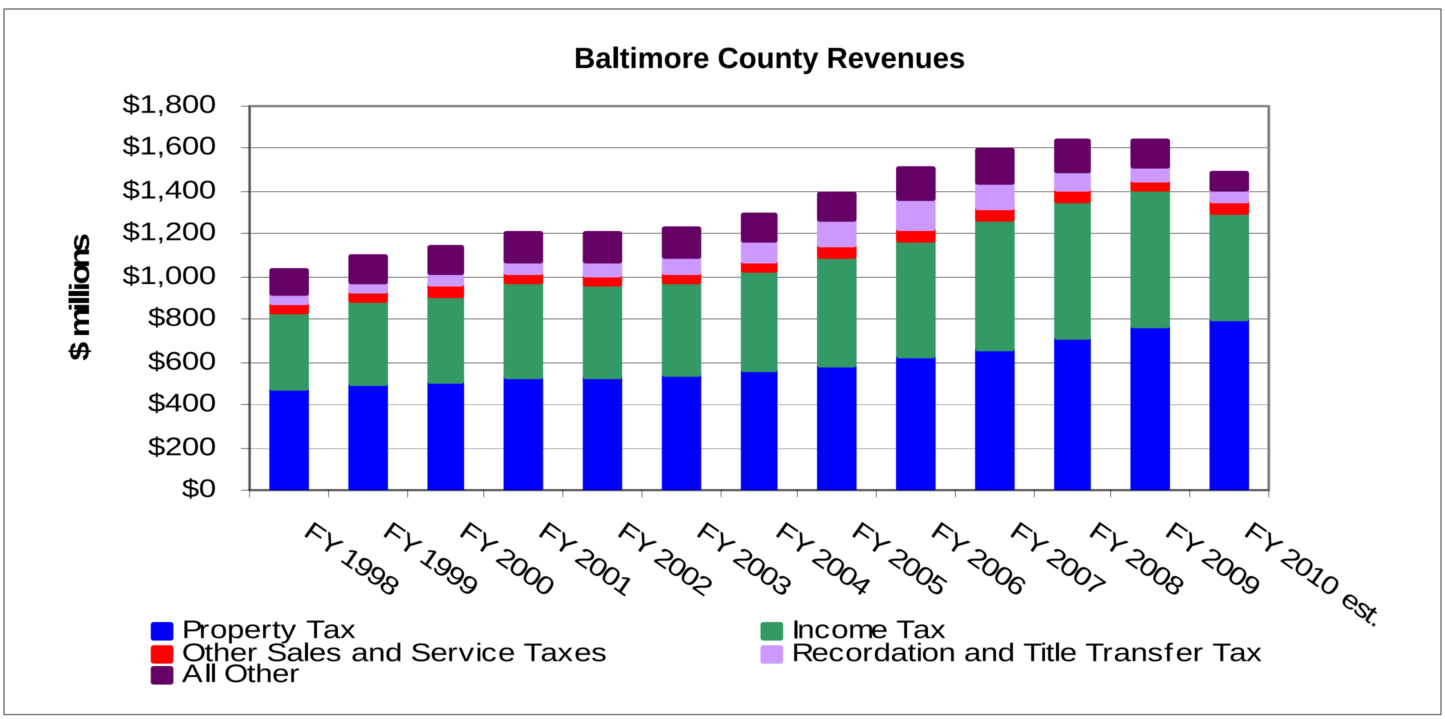
FY 2009 County General Fund revenues totaled $1.635 billion, a decrease of $4.7 million, or 0.3%, from FY 2008 revenues. The County's two principal revenue sources, property taxes and income taxes, grew by 7.4% and fell by 0.1%, respectively. Property-related transaction tax (recordation and title transfer tax) revenues declined by 29.0% due to continued slowing in the housing market.

Unreserved, undesignated General Fund Balance (Surplus) as of June 30, 2009 totaled $83 million, or 5% of the General Fund budget. This amount is in addition to the Revenue Stabilization Reserve Account (Rainy Day account), which totaled $84 million as of June 30, 2009. The Surplus balance and Rainy Day amounts together totaled $167 million, or 10% of the General Fund budget.

FY 2010 County General Fund revenues through early December totaled $969.4 million, approximately 6.3%, or $65.4 million, below collections over the same 5-month period the prior year. This decrease is primarily due to a 43.4% decline in year-to-date income tax revenues, which were $89.9 million less than the prior-year 5-month total as a result of both the State reconciling an overdistribution in FY 2009 and poor economic and job market conditions. This decline is partially offset by strong property tax revenue growth of 5.8% through early December. Property-related transaction tax revenues declined by approximately 25.0% through early December due to the continued declines in housing prices and the home refinancing market.

FY 2010 General Fund revenues for the entire year are expected to total $1.484 billion, which falls short of budget estimates by $138.0 million, or 8.5%. Projected FY 2010 revenues reflect a decline of $151.6 million, or 9.3%, from FY 2009 revenues due to steep reductions in both income tax collections and State Aid and moderate declines in property-related transaction tax revenues and various other revenue sources. These declines are partially offset by steady growth in property tax revenue. Specifically, the County's property tax revenues are expected to increase by $39.9 million, or 5.2%. 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).

Income tax collections are expected to decline by $140.2 million, or 21.9%, due to the State reconciling an FY 2009 overdistribution, in addition to declining employment levels, stagnant wage growth, and low capital gains. Mid-year State aid reductions to the County's General Fund have totaled $21.2 million, bringing estimated State Aid revenues to $29.9 million, down $40.5 million, or 57.5%, from FY 2009 totals. In light of the State's projected budget shortfall, additional cuts to local government aid could be on the horizon. Property-related transaction tax revenues are expected to decline by $5.1 million, or 7.8%, due to weak economic and job market conditions, which continue to negatively affect the County's housing market. The weak economy is also expected to result in decreases totaling over $5 million in various other revenue sources, including investment income and revenue from licenses and permits.



REVENUE FORECAST & ECONOMIC OUTLOOK

General Fund revenues are falling as a result of the current economic recession. The pronounced decline in FY 2010 is due to significant reductions in income tax collections and State aid.

Steady growth in property tax revenues, resulting from large increases in property values in recent years combined with the smoothing effect of the Homestead Credit (4% assessment increase cap), partially offsets other revenue declines.

($ Millions) Revenue Source	Actual FY 2008	FY07-08 Change	Actual FY 2009	FY08-09 Change	Est. FY 2010	FY09-10 Change
Property Taxes	$713.1	7.5%	$765.6	7.4%	$805.5	5.2%
Income Tax	641.0	5.4%	640.2	-0.1%	500.0	-21.9%
Sales & Service Taxes	53.1	1.3%	47.4	-10.7%	47.4	0.0%
Recordation Tax	33.4	-23.2%	22.1	-33.8%	20.0	-9.5%
Title Transfer Tax	58.4	-21.8%	43.1	-26.2%	40.1	-7.0%
Investment Income	12.5	-28.2%	4.8	-61.6%	1.2	-75.0%
Intergovernmental	78.4	-2.7%	70.4	-10.2%	29.9	-57.5%
All Other	50.2	-10.2%	41.8	-16.7%	39.7	-5.0%
Total Revenue	$1,640.1	2.8%	$1,635.4	-0.3%	$1,483.8	-9.3%

The Baltimore County Economic Advisory Committee (BCEAC) expressed greater pessimism at its October 2009 meeting than at its July meeting. The Committee noted that few sectors are adding jobs around the State, employers are hesitant to hire in part because of the uncertainty surrounding unemployment insurance costs, money and credit remain tight, and the increase in local home sales is not expected to continue because much of the demand from first-time home buyers has dried up. On the positive side, some local retailers have exceeded their sales expectations in recent months, and manufacturing orders are starting to pick up. Still, the Committee noted that despite federal government interventions, 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 warned of the possibility of a "double dip" recession due in part to the following factors:

- **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 have significantly lowered their expectations and consequently are maintaining uncommonly low inventory levels.
- **The employment situation continues to decline**, though the pace of job losses has slowed in recent months. Committee members cautioned that employers will remain hesitant to add jobs as long as consumer retrenchment and uncertainty regarding future economic conditions prevail. In the meantime, many companies continue to implement hiring freezes and lower their projected earnings.
- **Improvement in the residential real estate market is most likely temporary,** since the federal first-time homebuyer credit, which motivated many first-time buyers to come off the fence, has borrowed from future demand for home purchases. Home prices are expected to decline slightly in the foreseeable future, followed by a period of level prices and a slow increase back to CY 2006 levels. In the Baltimore region active inventories of homes for sale are down 12% from this time last year, due to both seller fatigue and correctly-priced entry-level homes selling quickly. This reduction in inventory is expected to slow the decline in home prices. Due to continued declines in the number of residential real estate transactions in the region, County property-related transaction tax revenues fell for the third consecutive year in FY 2009, and are expected to fall again 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,** marking the first decline since the International Monetary Fund began collecting data in 1970. While production improved in the second half of the year, it is uncertain whether this momentum can be sustained. Therefore, below-average world output growth is expected in 2010.

NATIONAL ECONOMIC INDICATORS

In 2009:Q3 the U.S. economy grew at an annualized rate of 2.2%.

Real U.S. Gross Domestic Product (GDP) in 2009:Q3 increased at an annualized rate of 2.2% to a nominal level of $14.3 trillion. This quarter's performance represents a significant improvement from the 2009:Q2 annualized contraction of 0.7%. The major factors contributing to the growth in 2009:Q3 GDP were a significant increase in personal consumption expenditures (2.8%), the dramatic resurgence of residential investment (18.9%), exports (17.8%), and imports (21.3%), and slower but strong growth in federal investment (from 11.4% to 8.0%). 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 November 2009 release of the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters* projects real GDP increasing at an annualized rate of 2.7% in 2009:Q4, with a contraction of 2.5% for all of 2009 (the first annual contraction since 1991), followed by growth of 2.4% in 2010. Economists project steady growth for the next five quarters and expect job growth to rebound in 2010:Q2, which, along with the resurgence in consumer spending, leads 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 weak labor market and increasing unemployment projections from the *Livingston Survey* (a semi-annual survey publication of the Federal Reserve Bank of Philadelphia) of 9.3% and 10.2% in 2009 and 2010, respectively, are consistent with the pessimism expressed by BCEAC members about the local economic outlook in 2010.

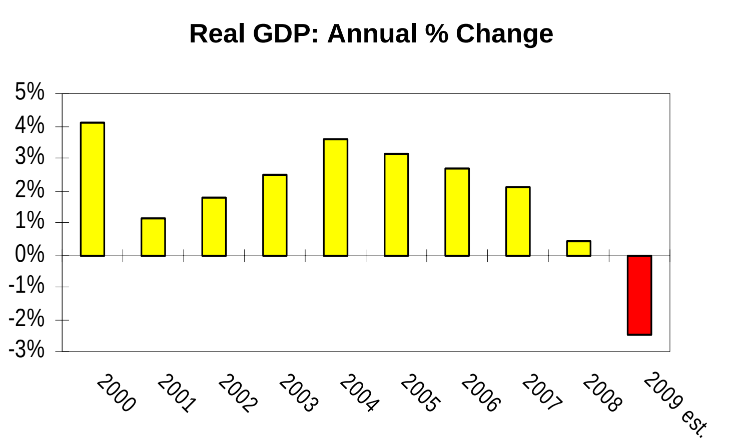
After a 0.4% increase in 2008, real GDP is expected to decline 2.5% in 2009, the first annual contraction since 1991.

Real consumer spending rebounded — increasing at an annualized rate of 2.8% in 2009:Q3.

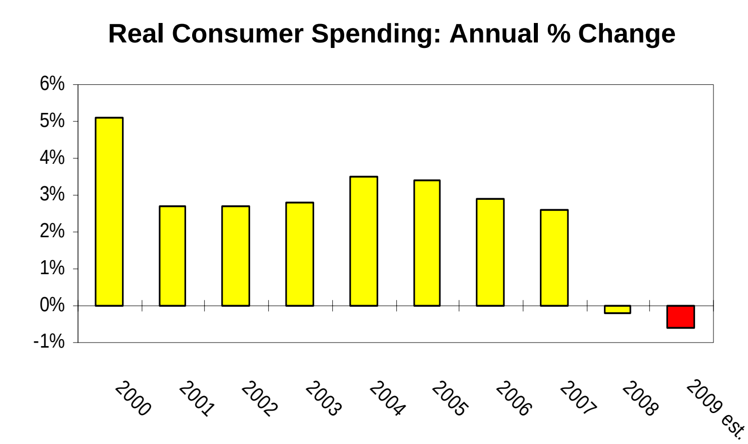
Consumer spending, which accounts for approximately two-thirds of all US economic activity, increased at an annualized rate of 2.8% during 2009:Q3 after decreasing 0.9% in 2009:Q2. This growth represents a significant improvement from the valley of 2008:Q2 and 2008:Q3 when spending contracted by 3.5% and 3.1%, respectively. In 2009:Q3, real consumer spending increased 1.5% on non-durable goods, 0.8% on services, and surged by 20.4% on durable goods. The BCEAC retail representative expressed tempered expectations for the holiday shopping season, especially in light of presently low inventory levels.

Consumer confidence increased slightly in December 2009.

Consumer confidence, after decreasing in October and increasing in November, rose again in December 2009, 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 slight increase in confidence is due to fewer respondents expecting the business and labor market to worsen in the short-term. The Present Situation Index is at its lowest level in 26 years. The Conference Board reports that income expectations "remain rather pessimistic…" which will "...play a key role in spending decisions in early 2010."



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



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

The Federal Reserve's Federal Open Market Committee (FOMC) held interest rate targets between 0% and 0.25% during its December 15 and 16, 2009 meeting.

Interest rate targets were held between 0% and 0.25% at the December 15 and 16, 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. The current interest rate target range is the lowest since the FOMC's inception in 1954. Expanding household spending, business reductions of inventory stocks, and an improving housing market are indications that the economy is rebounding, however slightly. "A weak labor market, modest income growth, lower housing wealth, and tight credit," in addition to cuts, albeit diminishing, in fixed business investments and staffing, continue to ensure weak economic activity. The FOMC announced sustained commitment to support mortgage lending and housing markets by purchasing $175 billion of agency debt and $1.25 trillion of mortgage-backed securities. The FOMC anticipates completing purchases of agency debt and mortgage-backed securities by the end of 2010:Q1. Most private economists believe this end marks an attempt by the FOMC to lay the groundwork for increasing the federal funds rate, though an increase is unlikely to take place in the near future. The FOMC also expects inflation pressures to remain subdued due to "substantial resource slack" in the labor market dampening cost pressures and stabilizing long-term inflation expectations.

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

INTEREST RATE CHANGE FROM NOVEMBER 2008 TO NOVEMBER 2009

	Basis Points*
90-Day Treasury Bills	-14
10-Year Treasury Bonds	-13
30-Year Conventional Mortgage	-121

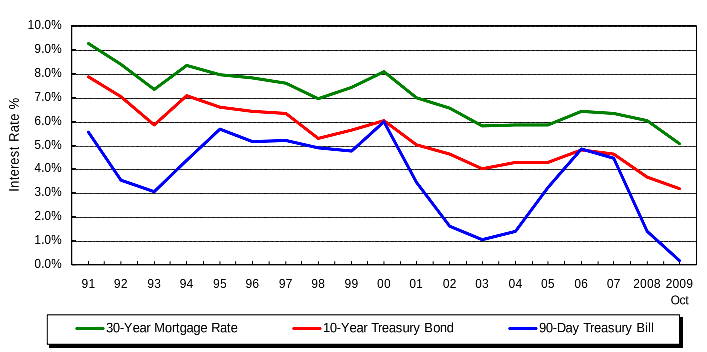
* A basis point is equal to .01 percentage point.

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

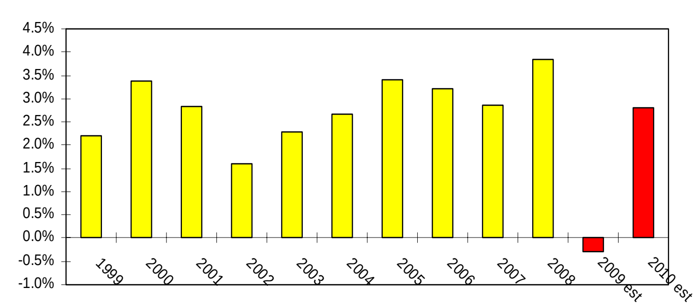
From November 2008 to November 2009, consumer inflation was 1.8%. Inflation is forecast at –0.3% and 2.2% for CY 2009 and CY 2010, respectively.

Inflation, as measured by the Consumer Price Index-All Urban Consumers (CPI-U), was 1.8% over the November 2008 to November 2009 period, the first year-over-year increase in the CPI-U since February 2009, primarily due to stable gas prices in comparison to falling prices in late 2008. In March 2009, the year-over-year CPI-U declined for the first time in 11 years. Core inflation (which excludes food and energy inflation) was 1.7% over the November 2008 to November 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 –0.3%, followed by 2.2% for CY 2010, according to the Federal Reserve Bank of Philadelphia's *Livingston Survey*, December 2009. The November *Survey of Professional Forecasters* projects that annual inflation will average 2.26% over the 2009 to 2018 period, compared to 2.82% over the 1999 to 2008 period.

Average Annual Interest Rates



% Change in Consumer Price Index



Estimate Source: *Livingston Survey*, December 2009

LOCAL ECONOMIC PERSPECTIVE

EMPLOYMENT

The employment level in the County has declined for 17 consecutive months, causing income tax collections to decline as well.

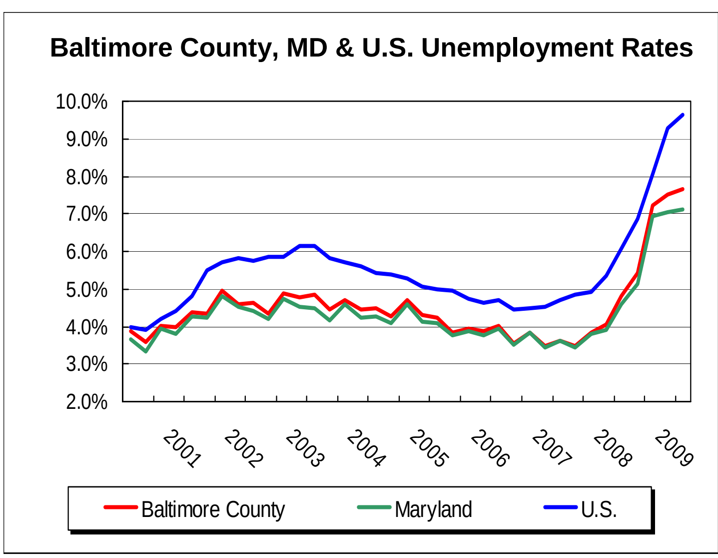
Employment, as measured by place of residence, is falling for both Baltimore County and Maryland. Over the November 2008 to November 2009 period, Baltimore County residential employment decreased by 16,438 persons, or 4.0%, while Maryland residential employment decreased by 100,853 persons, or 3.6%. Year-over-year employment in Baltimore County has declined for 17 consecutive months, with the May 2009 decline of 5.6% marking the steepest employment decline since December 1990. The employment decline in Baltimore County is expected to contribute to the decline in County income tax collections in FY 2010.

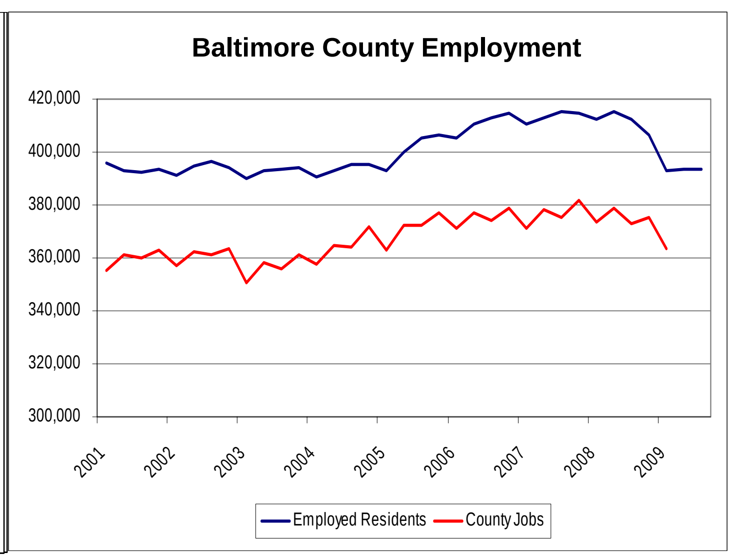
The number of County jobs decreased by 2.9% over the 2008:Q2 to 2009:Q2 period, while County employer payrolls were down by 1.7%. In CY 2009, County and State jobs are forecast to decrease by 2.6% and 2.8%, respectively.

County jobs data show that from 2008:Q2 to 2009:Q2, the number of jobs in Baltimore County decreased by 2.9% compared to a decrease of 3.1% in Maryland, while payrolls fell 1.7% in Baltimore County and 1.6% at the State level. Over this same period, Baltimore County employers cut 11,068 positions from their payrolls. Nationally, non-farm payrolls decreased by 5.4 million jobs, or 3.9%, from 2008:Q2 to 2009:Q2. 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 370,700 per month in the first 11 months of CY 2009. The October 2009 employment forecast from RESI (the economic research and consulting division of Towson University) predicts that in CY 2009, jobs at the County and State levels will decrease by 2.6% and 2.8%, respectively, followed by a slight increase of 0.1% in both the County and the State in CY 2010. The CY 2009 estimates are significantly lower than those presented in RESI's July 2009 forecast, while the CY 2010 estimates are slightly higher.

The County's November unemployment rate was 7.8%, which is slightly higher than the State unemployment rate but well below the national rate.

The unemployment rate among County residents was 7.8% in November 2009, up from 5.4% a year earlier and higher than the current State rate of 7.3%. Within the Baltimore-Towson Metropolitan Statistical Area (MSA), the unemployment rate in November 2009 was 7.7%. The MSA unemployment rate is strongly influenced by Baltimore City's unemployment rate, which stood at 10.9% in November. Excluding Baltimore City, the November 2009 MSA unemployment rate was 7.0%. Nationally, the seasonally adjusted unemployment rate was 10.0% in November 2009, up from 6.8% in November 2008 but down slightly from 10.2% in October 2009. BCEAC members noted, for the fourth 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, with employment gains not expected until the middle of CY 2010.





PERSONAL INCOME

RESI currently estimates that County personal income growth was 1.73% in FY 2009 and projects that it will be 0.33% in FY 2010 and 3.58% in FY 2011.

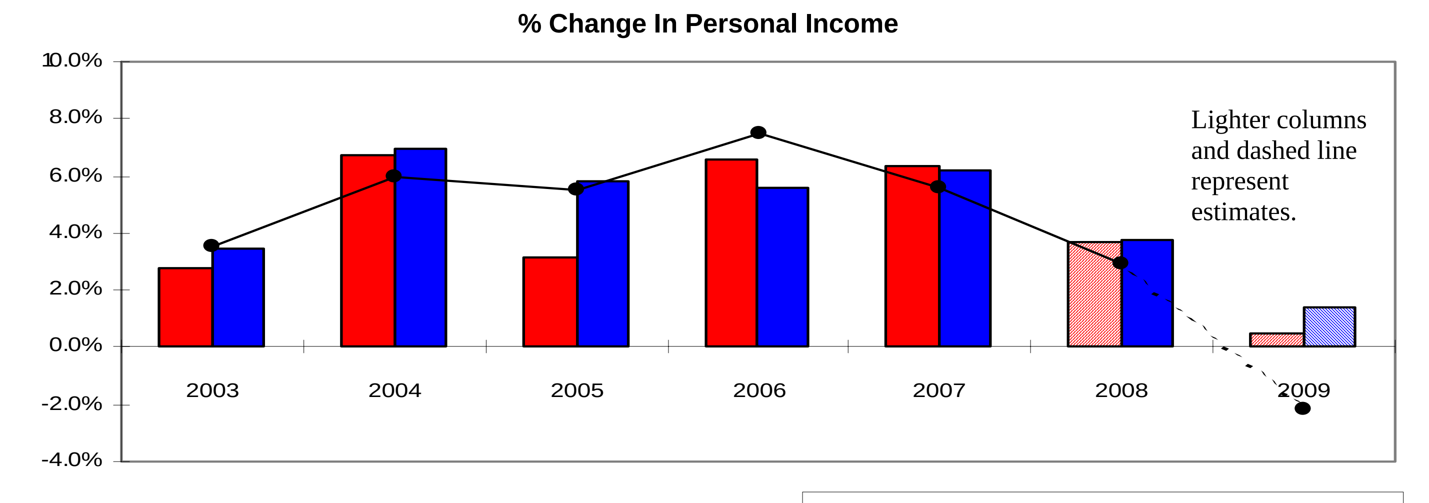
RESI's personal income growth forecasts have fluctuated greatly over the last four quarterly reports. RESI's October 2009 forecast shows Baltimore County's personal income (PI) increasing by 1.73% and 0.33% in FY 2009 and FY 2010, respectively. Maryland's PI is forecast to increase by 1.95% and 0.72% in FY 2009 and FY 2010, respectively. RESI's October 2009 PI growth estimates for FY 2009 showed a downward revision of 43 and 29 basis points from the July 2009 estimates for Baltimore County and Maryland, respectively. The FY 2010 growth estimates also showed downward revisions of 27 basis points for the County and 14 basis points for the State, following the downward revisions of 201 and 189 basis points, respectively, from January 2009. Longer-term, PI in Baltimore County is expected to grow by 3.58% in FY 2011, compared with 3.99% in the State, both downward revisions from July's estimates. These estimates reflect the depressed job market and a loss in the momentum of growth in domestic and international economies.

PI growth in Maryland continues to outperform both Baltimore County and the nation as a whole. Capital gains and losses are not included in the personal income calculation.

Over the 2001 to 2007 period, PI in Maryland increased at a faster pace than it did nationally, while PI growth in Baltimore County fell short of national growth, with total increases of 36.2% in Maryland, 33.9% nationally, and 32.8% in Baltimore County. The most recent quarterly reading for Maryland shows PI increasing by 0.26% over the 2008:Q2 to 2009:Q2 period, while PI in the U.S. increased by 0.16% over the same period. (County data are reported annually.) Given the continued contractions in the national, state, and local economies, PI growth is not expected to accelerate in the near term. Nationally, in 2009:Q3, wages and salaries composed 52.4% of PI and were virtually stagnant, with growth of 0.3% from 2009:Q2 and 0.4% from 2009:Q1. Government transfer payments (17.4% of PI) increased again, primarily due to a 10.8% increase from 2009:Q2 in unemployment benefits claims.

The County's Spending Affordability Committee adopted a spending growth limit of 4.24% for FY 2010 based on a 5-year average of annual personal income growth. Revised estimates yield a 5-year average of 3.79% (45 basis points below the adopted growth rate).

For FY 2010, the County Spending Affordability Committee adopted a spending growth rate limit of 4.24% based on a 5-year average of RESI's January 2009 estimates of annual County PI growth for FY 2006 to FY 2010. Based on RESI's October 2009 estimates of annual County PI growth, the average annual growth for FY 2006 to FY 2010 is 3.79%, or 45 basis points lower than the Committee's adopted growth rate. Also based on the October 2009 estimates, the average annual County growth for FY 2007 to FY 2011 is 3.59%. Based on RESI's December 2009 State forecast, this rate is likely to be adjusted downward when RESI's January 2010 forecast is released.



Estimate source: RESI, October 2009

EXISTING HOME SALES

In November 2009, the number of existing Baltimore County homes sold increased by 89.2% from a year earlier.

The average price of existing homes sold in Baltimore County fell 12.8% from November 2008 to November 2009.

Existing home sales in Baltimore County totaled 5,595 units in FY 2009, 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 levels indicate that the housing market is experiencing an upswing 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 November 2009 totaled 645 units, up 89.2% from a year earlier, marking the highest year-over-year monthly increase currently on record. Prices continue to decline, with the price of an existing home sold in the County averaging $242,811 in November 2009, down 12.8% from November 2008. Meanwhile, the active inventory in November fell by 11.8% from November 2008. The BCEAC residential real estate representative indicated that the market for homes priced under $300,000 is experiencing a substantial uptick, while homes priced above $450,000 are not selling. However, the increase in sales of lower-priced homes was described as "borrowing from future demand" and is expected to subside despite the fact that the federal stimulus money for first-time homebuyers was extended through June 30, 2010.

November 2009 pending existing home sales were up 19% compared to a year earlier.

Pending existing home sales in November 2009 totaled 470, up 75 units, or 19%, from November 2008, following a 75.2% increase in October 2009. November 2009 was the seventh consecutive month in which pending home sales showed a year-over-year increase of 10% or more, reflecting the impact of the federal stimulus money for first-time homebuyers.

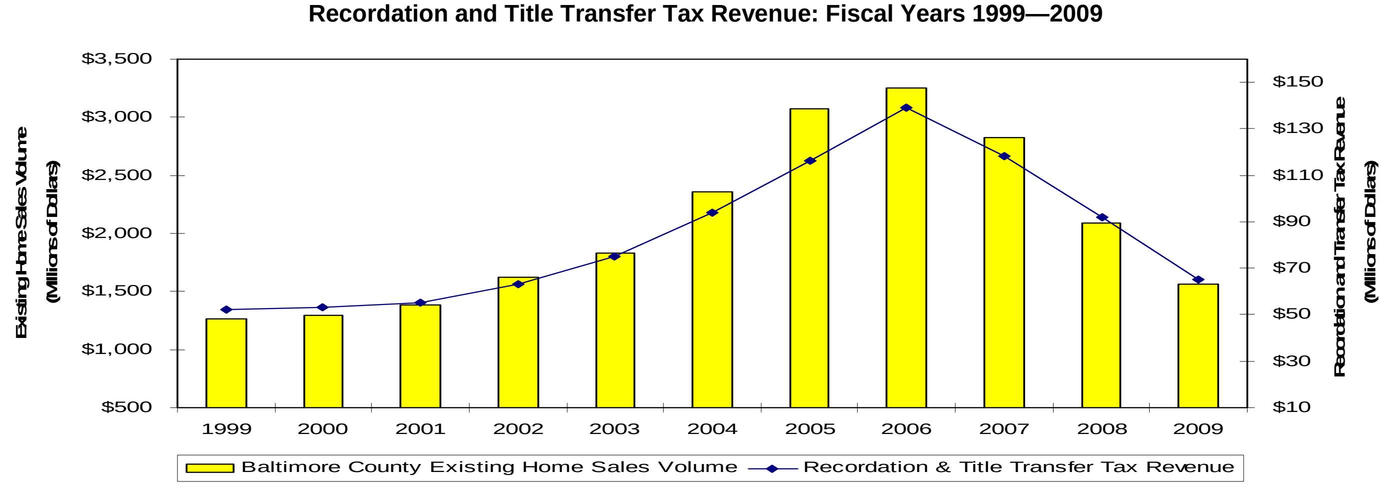
Reflecting lower home prices and lower mortgage interest rates, the monthly mortgage payment for the average-priced County home sold was 23.8% lower in November 2009 versus November 2008.

Mortgage interest rates (for 30-year conventional mortgages) in November 2009 were 4.88%, down 121 basis points from November 2008 when rates were 6.09%. Over this same period, the average price of an existing home sold in Baltimore County decreased by 12.8%. 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 $1,286 in November 2009, 23.8% below the November 2008 level of $1,686 (principal and interest only).

Property-related transaction tax revenues fell sharply in FY 2009 and are expected to continue to decline in FY 2010.

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. For FY 2010, property-related transaction tax revenues are forecast to decline by 7.8% from FY 2009 levels due to a continued decline in housing prices as well as an anticipated drop-off in demand for home purchases following the rush to meet the original deadline for the first-time homebuyer tax credit.

Baltimore County Existing Home Sales Volume and Recordation and Title Transfer Tax Revenue: Fiscal Years 1999—2009



CONSTRUCTION

The total value of construction permits issued in 2009:Q2 decreased 1.1% from a year earlier, reflecting a mixed performance among construction sectors.

Construction permits issued in Baltimore County in 2009:Q2 totaled $222.7 million, which is $2.6 million, or 1.1%, below 2008:Q2. The 2009:Q2 permit valuation, which reflects a mixed performance among construction sectors, follows year-over-year decreases of 32.6% in 2009:Q1 and 26.5% in 2008:Q4. After falling 77.6% from 2008:Q1 to 2009:Q1, residential construction fell 51.2% from 2008:Q2 to 2009:Q2. Commercial construction showed a sharp decline of 72.2% over the same period. In 2009:Q2, four new non-residential construction permits valued at $1 million or more were issued in the County: a $2.1 million shell building in Sparks, a $2 million future bank building in Liberty-Lochearn, a $1 million office building in Chase-Bowley's Quarters, and a $1 million future Burger King in North Point. During this same period the County also issued a new mixed-use construction permit valued at $60 million for an 18-story building in Towson-Loch Raven that will consist of 341 apartments as well as office and retail space. Construction employment represented 6.4% of County jobs and had an average wage rate that was 19.1% above the County average in 2009:Q2. 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 Federal stimulus funds.

New non-residential building permit activity fell 72.2% in 2009:Q2.

New non-residential building activity in 2009:Q2, perhaps the most volatile component of new construction, saw the value of permits fall to $8.6 million, down $22.4 million, or 72.2%, from 2008:Q2. (There were eight projects totaling $300,000 or more in 2009:Q2.)

Additions, alterations, and repairs activity in 2009:Q2 fell 8.9% from a year earlier to $127.8 million.

Additions, alterations, and repairs (AAR) activity in 2009:Q2 totaled $127.8 million, down $12.5 million, or 8.9%, from 2008:Q2 and 7.2% below the average of 2nd quarter activity over the last 4 years. The total value of residential AAR permits fell 40.6% from 2008:Q2 to 2009:Q2, while the value of non-residential AAR permits rose 1.3% over the same period.

In 2009:Q2, the total number of new residential building permits rose 81.8% compared to a year earlier due to a mixed-use permit for an 18-story building in Towson-Loch Raven.

New residential building permit data show that the total number of permits issued in 2009:Q2 increased by 81.8% from the number issued in 2008:Q2 due primarily to the units authorized by the new mixed-use construction permit, which are included in this total. The total dollar value of the new strictly residential building permits issued in 2009:Q2, not including the mixed-use permit valued at $60 million, fell by $27.6 million, or 51.2%, to $26.3 million.