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BALTIMORE COUNTY FISCAL DIGEST

GENERAL FUND REVENUES & THE ECONOMY

Baltimore County, Maryland

March 9, 2010

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March 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 March 9, 2010. This report includes the same revised FY 2010 General Fund revenue projections and preliminary FY 2011 revenue forecast that were presented in the Spending Affordability Committee Report, and summarizes current economic conditions affecting the County.

The revised revenue projection for FY 2010 reflects a shortfall of $144 million, or 8.9%, 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; subsequent income tax distributions have continued to decline through February 2010. 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 $1.478 billion, a decline of $158 million, or 9.6%, 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 or other unexpended fund balances this year. While the Administration has not indicated the extent to which expenditures will be controlled this year, the Spending Affordability Committee was assured during its deliberations in February that the revenue shortfall will be addressed in a manner that allows the County to end FY 2010 with a balanced budget.

Preliminary estimates project FY 2011 revenues totaling $1.535 billion, down approximately $86.8 million, or 5.3%, from budgeted FY 2010 revenues, but up $57.3 million, or 3.9%, over the revised FY 2010 forecast. General Fund revenue growth in FY 2011 primarily reflects anticipated gains in the County's property tax revenues combined with a modest rebound in income tax collections. 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 the second half of CY 2011. The State aid reductions to the County's General Fund implemented in FY 2010 (estimated at $42.9 million) are expected to continue in FY 2011. Projected State aid to the County's General Fund totals $25.6 million in both FY 2010 and FY 2011, which is $52.5 million, or 67.2%, less than it was in FY 2007.

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 and Rainy Day funds combined totaled $167 million.

We will continue to monitor economic activity and revenue collections, including any State actions during the legislative session that may impact current and future budgets. Our next update will include revised revenue projections for both FY 2010 and FY 2011 and will be presented as part of the Budget Overview on April 27th.

Respectfully submitted,

Mary P. Allen

Mary P. Allen
County Auditor

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

REVENUE HIGHLIGHTS

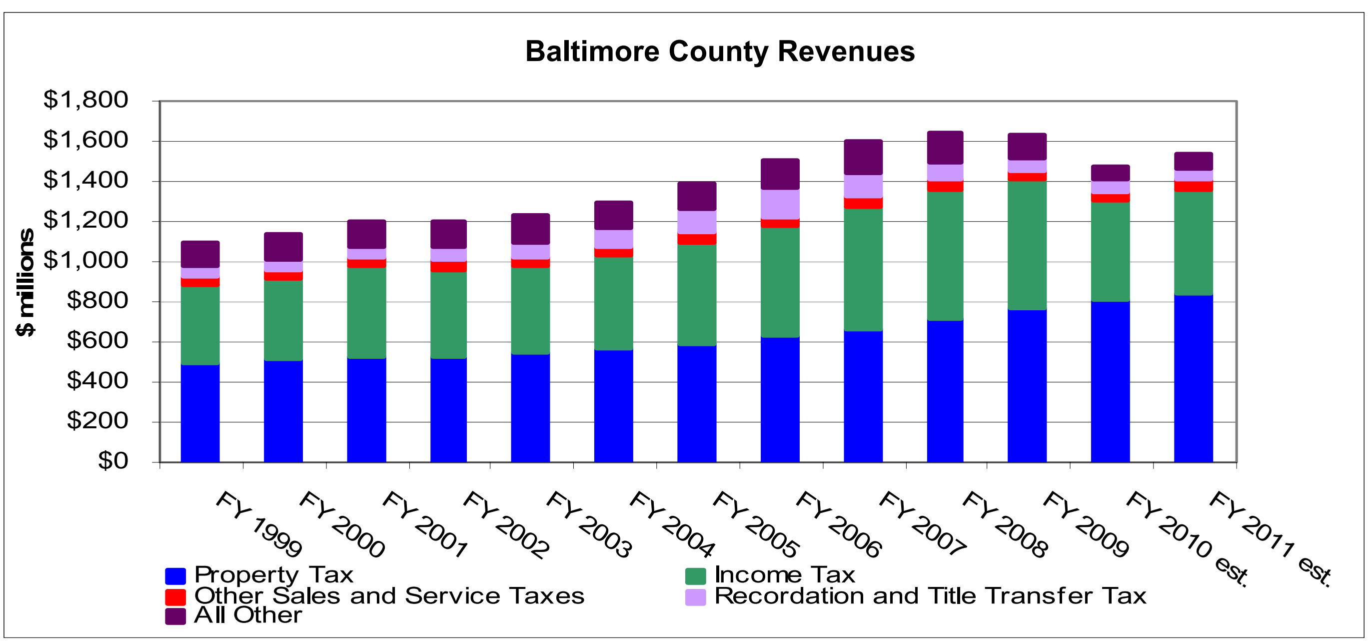
Unreserved, undesignated General Fund Balance (Surplus) as of June 30, 2009 totaled $83 million, or 5% of the General Fund budget. This amount is in addition to the Revenue Stabilization Reserve Account (Rainy Day account), which totaled $84 million as of June 30, 2009. The Surplus balance and Rainy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

FY 2010 County General Fund revenues through early March totaled $1.147 billion, approximately 9.0%, or $114.1 million, below collections over the same 8-month period the prior year. This decrease is primarily due to a 33.4% decline in year-to-date income tax revenues, which were $125.4 million less than the prior-year 8-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 5.6% through early March. Property-related transaction tax revenues declined by approximately 16.3% through early March 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 $1.478 billion, which falls short of budget estimates by $144 million, or 8.9%. Projected FY 2010 revenues reflect a decline of $158 million, or 9.6%, from FY 2009 revenues 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 revenue. Specifically, the County's property tax revenues are expected to increase by $39.9 million, or 5.2%, in FY 2011. 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 combined with 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 $25.6 million, down $42.9 million, or 62.6%, from FY 2009 totals. The County is also experiencing the anticipated declines in property-related transaction tax revenues and moderate declines in various other revenue sources (including investment income, building permit and inspection fees, and service charges) as a result of the continued challenges facing the local and national economies.

FY 2011 General Fund revenues are projected to reach $1,535.0 million, down approximately $86.8 million, or 5.3%, from budgeted FY 2010 revenues. Although lower than FY 2010 budgeted revenues, the FY 2011 projection represents an increase of $57.3 million, or 3.9%, over the FY 2010 revised estimate. The projected 3.9% 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. 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 the second half of CY 2011. The State aid reductions implemented in FY 2010 (estimated at $42.9 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.

Steady growth in property tax revenues in FY 2010 and FY 2011 partially offsets poor performance in other revenue categories.

($ 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%	$805.5	5.2%	$840.1	4.3%
Income Tax	640.2	-0.1%	500.0	-21.9%	519.0	3.8%
Sales & Service Taxes	47.4	-10.7%	44.8	-5.5%	46.6	4.0%
Recordation Tax	22.1	-33.8%	20.0	-9.5%	20.0	0.0%
Title Transfer Tax	43.1	-26.2%	40.1	-7.0%	40.1	0.0%
Investment Income	4.8	-61.6%	1.2	-75.0%	1.4	16.7%
Intergovernmental	70.4	-10.2%	27.8	-60.5%	27.8	0.0%
All Other	41.8	-16.7%	38.3	-8.4%	40.0	4.4%
Total Revenue	$1,635.4	-0.3%	$1,477.7	-9.6%	$1,535.0	3.9%

The Baltimore County Economic Advisory Committee (BCEAC) expressed pessimism at its January 2010 meeting, despite observing some pockets of economic improvement. The Committee noted that money and credit remain tight, few sectors are adding jobs around the State, and employers are hesitant to hire. The Committee predicted that unemployment will remain high for the forseeable future, putting additional pressure on the retail sector. On the positive side, there is evidence of limited manufacturing growth due to inventory replenishment. It was also noted that the housing market may be reaching an equilibrium. The Committee noted the potential for a stronger economic performance for Central Maryland in future years, reflecting the expected growth due to the Federal Government's implementation of the Base Realignment and Closure (BRAC) Commission recommendations and the stability resulting from Maryland's proximity to Washington, D.C. 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. This cautiousness and curbed spending prevail as people observe job losses in a variety of sectors.

- **The job market remains weak**, with job losses continuing across sectors and employers reluctant to hire. Many unemployed workers are in need of job training to develop the skills necessary to fill current vacancies.

- **The residential real estate market remains soft,** but some improvement was noted and attributed to the influence of low mortgage interest rates and federal tax credits. The Committee noted that in late Spring, interest rates are expected to rise and the tax credits will expire, which may contribute to a temporary spike in home sales. Due to previous 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. Also, commercial real estate activity is stagnant with no signs of improvement.

- **World output declined 0.8% in 2009,** marking the first decline since the International Monetary Fund began collecting data in 1970; however, much improved growth of 3.9% is expected in 2010. Similarly, according to the International Monetary Fund's World Economic Outlook, U.S. output is expected to grow 2.7% in 2010 following a decline of 2.5% in 2009.

NATIONAL ECONOMIC INDICATORS

In 2009:Q4, the U.S. economy grew at an annualized rate of 5.9%.

Real U.S. Gross Domestic Product (GDP) in 2009:Q4 increased at an annualized rate of 5.9% to a nominal level of $14.5 trillion. This quarter's performance represents a significant improvement from the 2009:Q3 annualized increase of 2.2%. The major factors contributing to the growth in 2009:Q4 GDP were a dramatic increase in gross domestic private investment (48.9%), continued growth in exports (22.4%), and growth, albeit slowing, in personal consumption expenditures (1.7%) and imports (15.3%). For all of 2009, real GDP contracted by 2.4% (the first annual contraction since 1991), compared to an increase of 0.4% in 2008, and a 10-year average increase of 1.9%. The February 2010 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 2010:Q1, with growth of 3.0% for all of 2010 followed by an increase of 2.9% in 2011. Economists project steady GDP growth for the next five quarters and expect job growth to rebound in early 2010, which, along with an anticipated 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, the weak labor market as indicated by relatively stable unemployment projections of 9.8% and 9.2% in 2010 and 2011, respectively, certainly justifies the pessimism expressed by BCEAC members about the local economic outlook in 2010.

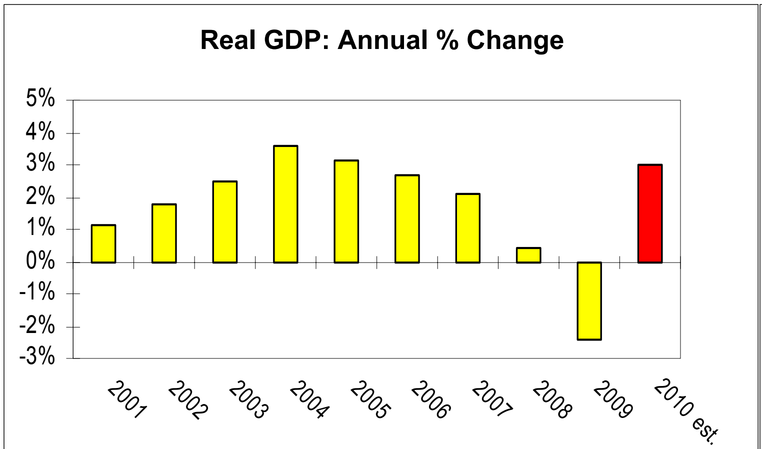
After a 2.4% contraction in 2009, the first annual contraction since 1991, real GDP is expected to increase 3.0% in 2010.

Real consumer spending increased at an annualized rate of 1.7% in 2009:Q4.

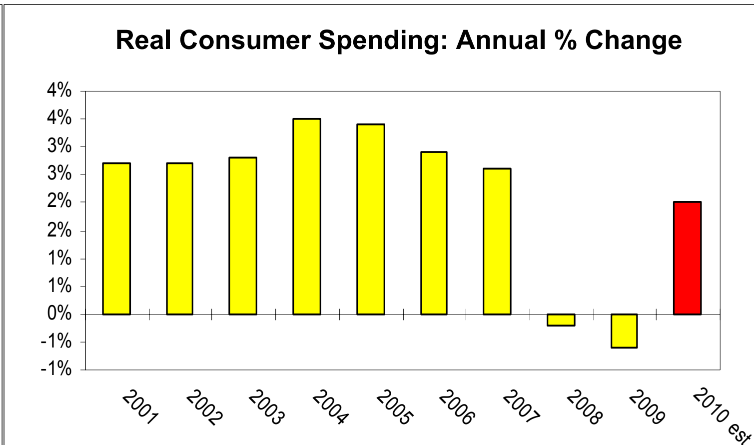
Consumer spending, which accounts for approximately two-thirds of all US economic activity, increased at an annualized rate of 1.7% during 2009:Q4 after increasing 2.8% in 2009:Q3. This growth represents a significant improvement from the valley of 2008:Q2 and 2008:Q3 when spending contracted by 3.5% and 3.1%, respectively. In 2009:Q4, real consumer spending increased 4.1% on non-durable goods, 1.2% on services, and 0.2% on durable goods (which is a considerable downgrade from the 20.4% increase in spending on durable goods experienced in 2009:Q3 due to Federal stimulus incentives). Representatives from the BCEAC expressed tempered expectations for personal consumption due to the soft recovery in housing and manufacturing.

Consumer confidence decreased sharply in February 2010.

Consumer confidence, after increasing three straight months, fell sharply in February 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 that the decline in confidence is due to fewer respondents anticipating recoveries in the business and labor markets over the next 6 months, pushing the Present Situation Index to its lowest level in 27 years. The Conference Board reports that these work anxieties, combined with income expectations that "remain extremely pessimistic," will likely "continue to curb spending."



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



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

The Federal Reserve's Federal Open Market Committee (FOMC) held interest rate targets between 0% and 0.25% during its January 26 and 27, 2010 meeting.

Interest rate targets were held between 0% and 0.25% at the January 26 and 27, 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, business reductions of inventory stocks, and indications of a stabilizing housing market are signs that the economy is rebounding, however slightly. "A weak labor market, modest income growth, lower housing wealth, and tight credit," in addition to contracting business investments beyond equipment and software, 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 JANUARY 2009 TO JANUARY 2010

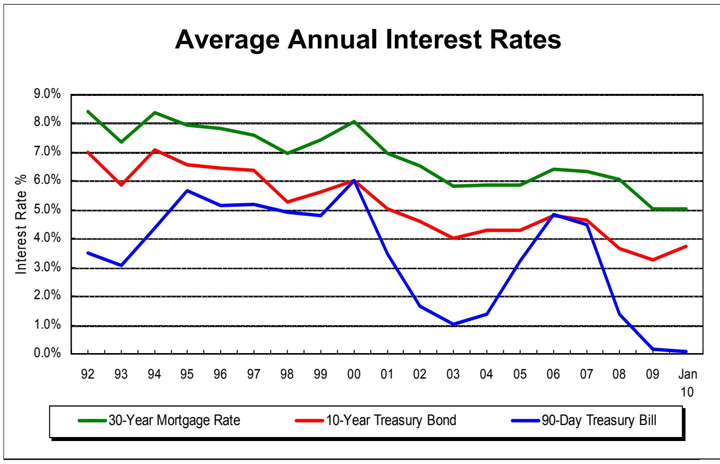
	Basis Points*
90-Day Treasury Bills	-7
10-Year Treasury Bonds	121
30-Year Conventional Mortgage	-3

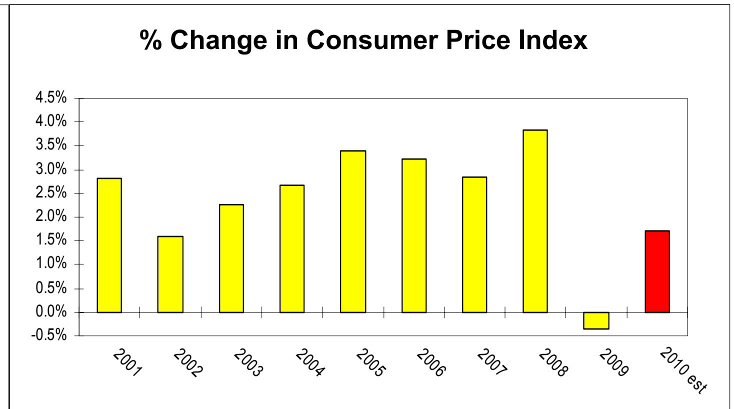
* A basis point is equal to .01 percentage point.

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 January 2009 to January 2010, consumer inflation was 2.6%. Inflation is forecast at 1.7% and 2.1% for CY 2010 and CY 2011, respectively.

Inflation, as measured by the Consumer Price Index-All Urban Consumers (CPI-U), was 2.6% over the January 2009 to January 2010 period, the third consecutive increase, which follows 8 months of contraction. Previously, CPI-U had not contracted in a year-over-year comparison for 11 years. Core inflation (which excludes food and energy inflation) was 1.6% over the January 2009 to January 2010 period, safely within the range of 1.4% to 1.8% inflation begun in December 2008. 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 1.7%, followed by 2.1% for CY 2011, according to the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters*, February 2010. The *Survey* projects that annual inflation will average 2.39% over the 2010 to 2019 period, compared to the average of 2.6% over the 2000 to 2009 period.





Estimate Source: *Livingston Survey*, December 2009

LOCAL ECONOMIC PERSPECTIVE

EMPLOYMENT

The employment level in the County has declined for 18 consecutive months, causing income tax collections to decline as well.

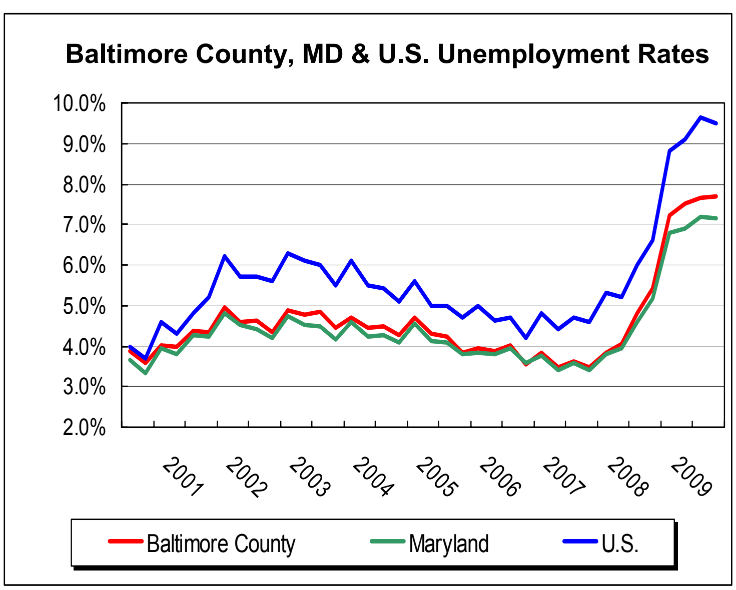
Employment, as measured by place of residence, is falling for both Baltimore County and Maryland. Over the December 2008 to December 2009 period, Baltimore County residential employment decreased by 15,430 persons, or 3.8%, while Maryland residential employment decreased by 111,306 persons, or 3.9%. Year-over-year employment in Baltimore County has declined for 18 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 contributing to the decline in County income tax collections in FY 2010.

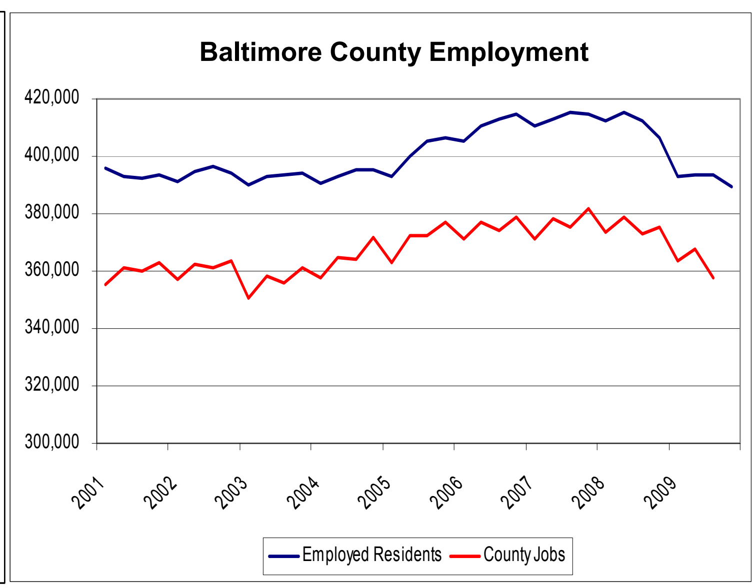
The number of County jobs decreased by 4.1% over the 2008:Q3 to 2009:Q3 period, while County employer payrolls were down by 2.5%. In CY 2010, County and State jobs are forecast to decrease by 1.6% and 1.7%, respectively.

County jobs data show that from 2008:Q3 to 2009:Q3, the number of jobs in Baltimore County decreased by 4.1% compared to a decrease of 3.3% in Maryland, while payrolls fell 2.5% in Baltimore County and 1.1% at the State level. Over this same period, Baltimore County employers cut 15,381 positions from their payrolls. Nationally, non-farm payrolls decreased by 6.6 million jobs, or 4.8%, from 2008:Q3 to 2009:Q3. National payroll numbers declined by nearly 4.8 million jobs, or an average of 395,000 jobs per month, during CY 2009, followed by additional job losses averaging 31,000 per month in the first 2 months of CY 2010. The January 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 decrease by 1.6% and 1.7%, respectively, following declines of 3.2% and 3.4%, respectively, in CY 2009. The CY 2009 through CY 2011 estimates are significantly lower than those presented in RESI's October 2009 forecast.

The County's December unemployment rate was 7.6%, which is higher than the State unemployment rate but well below the national rate.

The unemployment rate among County residents was 7.6% in December 2009, up from 5.8% a year earlier and higher than the current State rate of 7.1%. Within the Baltimore-Towson Metropolitan Statistical Area (MSA), the unemployment rate in December 2009 was 7.6%. The MSA unemployment rate is strongly influenced by Baltimore City's unemployment rate, which stood at 10.5% in December. Excluding Baltimore City, the December 2009 MSA unemployment rate was 6.8%. Nationally, the unemployment rate was 10.4% in February 2010, up from 8.9% in February 2009. The seasonally adjusted rate, more commonly referenced, was 9.7% in February 2010. BCEAC members noted that both local and national unemployment levels are expected to remain high in the coming months as companies continue to be reluctant to hire due to the uncertainty of the economic recovery. Employment gains are not expected until at least the middle of CY 2010.





PERSONAL INCOME

RESI currently estimates that County personal income growth was 2.09% in FY 2009 and projects that it will be 1.69% in FY 2010 and 2.91% in FY 2011.

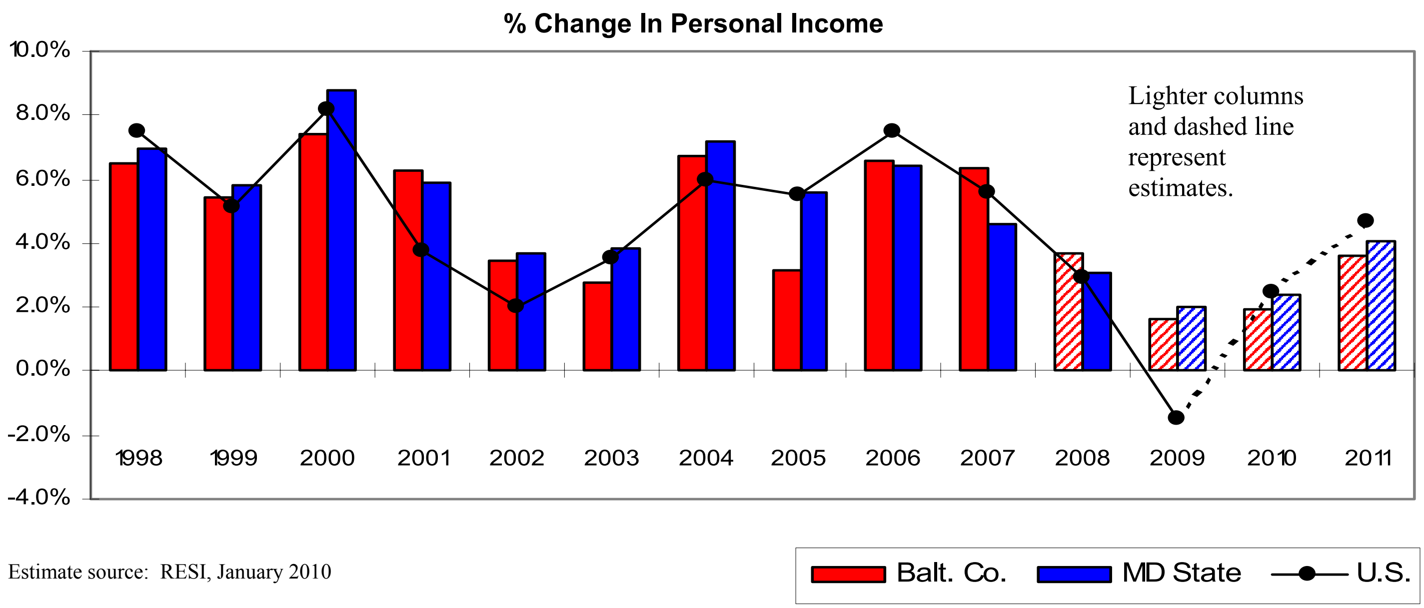
RESI's personal income growth forecasts continue to fluctuate greatly over the last five quarterly reports. RESI's January 2010 forecast shows Baltimore County's personal income (PI) increasing by 2.09% and 1.69% in FY 2009 and FY 2010, respectively. Maryland's PI is forecast to increase by 2.31% and 2.09% in FY 2009 and FY 2010, respectively. RESI's January 2010 PI growth estimates for FY 2009 and FY 2010 showed upward revisions from the October 2009 estimates for both Baltimore County and Maryland. Longer-term, PI in Baltimore County is expected to grow by 2.91% in FY 2011, compared with 3.31% in the State, both downward revisions from the October 2009 estimates. These estimates reflect the gradual domestic recovery with a depressed job market.

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 1998 to 2007 period, PI in Maryland and Baltimore County increased at a faster pace than it did nationally, with total increases of 65.2% in Maryland, 59.7% in Baltimore County, and 58.1% nationally. The most recent quarterly reading for Maryland shows PI increasing by 0.38% from 2009:Q2 to 2009:Q3, while PI in the U.S. increased by 0.29%. (County data are reported annually.) Given the weakened nature of the national, state, and local economies, PI growth is unlikely to accelerate in the near term. Nationally, in 2009:Q4, wages and salaries composed 51.7% of PI, a decrease compared to the 52.1% composition during 2009:Q3. Government transfer payments (17.6% of PI) remained virtually stagnant, due to a decrease in unemployment benefits (6.8%) and a modest increase in old-age/disability/survivor benefits.

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 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 personal income 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 January 2010 estimates of annual County PI growth, the average annual growth for FY 2006 to FY 2010 is 4.14%, or 10 basis points lower than the Committee's adopted growth rate of 4.24% for FY 2010.



Estimate source: RESI, January 2010

EXISTING HOME SALES

In January 2010, the number of existing Baltimore County homes sold increased by 7.5% from a year earlier.

The median price of existing homes sold in Baltimore County fell 7.7% from January 2009 to January 2010.

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 and federal stimulus money for first-time homebuyers. The number of homes sold in the County in January 2010 totaled 302 units, up 7.5% from a year earlier. Prices remain low, with the median price of an existing home sold in the County falling 7.7% to $212,250 from January 2009 to January 2010. Meanwhile, the active inventory in January fell by 7.1% from January 2009. The BCEAC residential real estate representative reported signs of momentum in the County's real estate market, including steady listing activity, increased volumes of contingent contracts and higher-end transactions (indicating activity in the "move-up" market), decreased seller contributions to transactions, and slightly rising prices in some areas.

January 2010 pending existing home sales were up 30.9% compared to a year earlier.

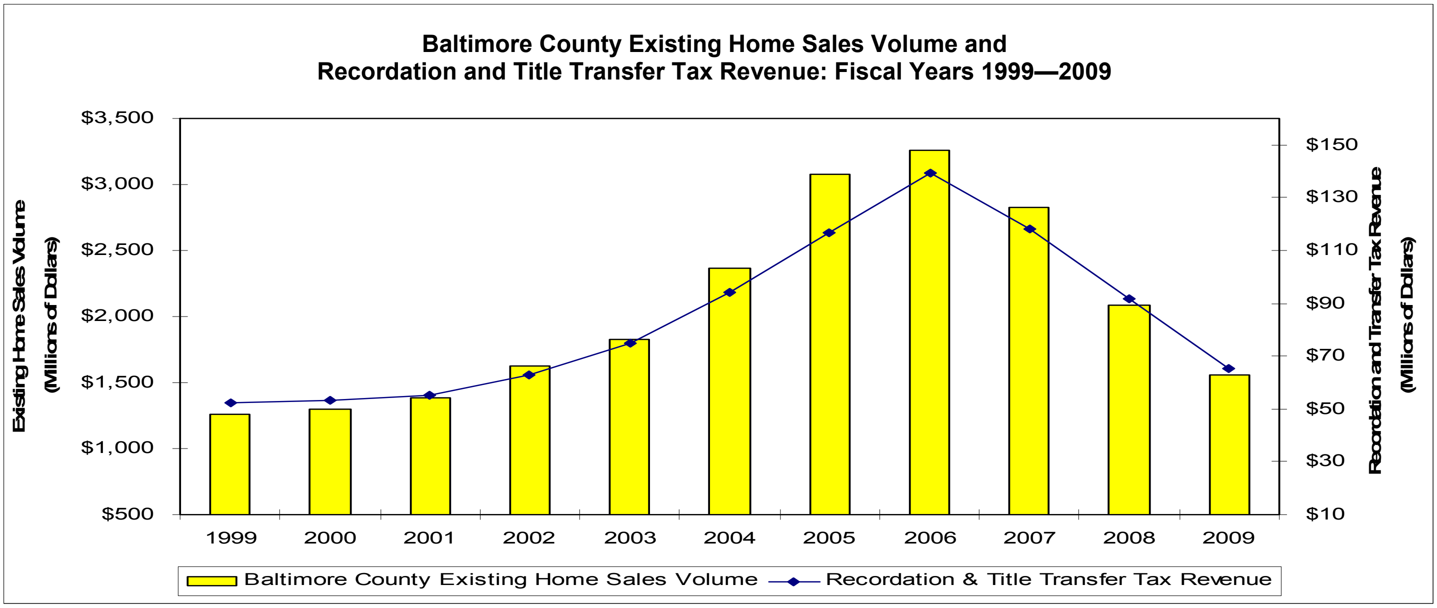
Pending existing home sales in January 2010 totaled 563, up 133 units, or 30.9%, from January 2009, following a 6.7% increase in December 2009. January 2010 was the ninth consecutive month in which pending home sales showed a year-over-year increase of 5% or more, reflecting the impact of the federal stimulus money for first-time homebuyers.

Reflecting lower home prices and slightly lower mortgage interest rates, the monthly mortgage payment for a median-priced County home sold was 8.0% lower in January 2010 versus January 2009.

Mortgage interest rates (for 30-year conventional mortgages) in January 2010 were 5.03%, down a mere three basis points from January 2009 when rates were 5.06%. Over this same period, the median price of an existing home sold in Baltimore County decreased by 7.7%, compared to a decrease of 4.1% for Maryland. The combination of lower home prices and slightly 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 $1,143 in January 2010, 8.0% below the January 2009 level of $1,243 (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 deadline for the first-time homebuyer tax credit.



CONSTRUCTION

The total value of construction permits issued in 2009:Q3 decreased 19.6% from a year earlier, reflecting a mixed performance among construction sectors.

Construction permits issued in Baltimore County in 2009:Q3 (the most recent data available) totaled $170.7 million, which is $41.6 million, or 19.6%, below 2008:Q3. The 2009:Q3 permit valuation, which reflects a mixed performance among construction sectors, follows year-over-year decreases of 1.1% in 2009:Q2 and 32.6% in 2009:Q1. Construction is among the most volatile components of the County's economy. Residential construction remains weak, falling 70.7% from 2008:Q3 to 2009:Q3. Non-residential construction showed a sharp increase of 167.2% over the same period, primarily due to government-funded projects. Four new non-residential construction permits valued at $2.5 million or more were issued in the County in 2009:Q3: $27.0 million for a new libaray at CCBC Catonsville, $19.5 million for West Towson Elementary School in Ruxton, $4.5 million for the County Agricultural Center in Sparks, and $2.5 million for a church in Perry Hall-White Marsh. Construction employment represented 6.6% of County jobs and had an average wage rate that was 20.6% above the County average in 2009:Q3. 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 rose 167.2% in 2009:Q3.

New non-residential building activity in 2009:Q3, perhaps the most volatile component of new construction, saw the value of permits increase to $56.8 million, up $35.6 million, or 167.2%, from 2008:Q3. (There were seven projects totaling $500,000 or more in 2009:Q3.)

Additions, alterations, and repairs activity in 2009:Q3 fell 12.6% from a year earlier to $87.1 million.

Additions, alterations, and repairs (AAR) activity in 2009:Q3 totaled $87.1 million, down $12.6 million, or 12.6%, from 2008:Q3 and 34.5% below the average of 3rd quarter activity over the last 4 years. The total value of residential AAR permits fell 15.9% from 2008:Q3 to 2009:Q3, while the value of non-residential AAR permits fell 11.3% over the same period.

In 2009:Q3, the total number of new residential building permits fell 74.7% compared to a year earlier, while the dollar value of these permits fell 70.7%.

New residential building permit data show that the total number of permits issued in 2009:Q3 decreased by 74.7% from the number issued in 2008:Q3, with multi-family unit permits down 96.9% and single-family unit permits down 11.3%. The steep decline in multi-family units is due to the permitting of 150 condominiums and 280 apartments in Towson in 2008:Q3. The total dollar value of the new residential building permits issued in 2009:Q3 fell by $64.6 million, or 70.7%, to $26.7 million, marking the 11th double-digit decline in the last 13 quarters.