Table of Contents

Office of the County Auditor

Lauren M. Smelkinson, CPA
County Auditor

Elizabeth J. Irwin
Director, Fiscal and Policy Analysis

Marie B. Jeng
Senior Analyst

Carrie B. Vivian
Senior Analyst

Philip S. Gear
Analyst

Printed on Recycled Paper

BALTIMORE COUNTY FISCAL DIGEST

GENERAL FUND REVENUES & THE ECONOMY

Baltimore County, Maryland

November 22, 2010

LAUREN M. SMELKINSON, CPA
COUNTY AUDITOR

BALTIMORE COUNTY, MARYLAND
OFFICE OF THE COUNTY AUDITOR

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

November 30, 2010

Honorable Members and Members-Elect of the Baltimore County Council

Ladies and Gentlemen:

I hereby submit the Baltimore County Fiscal Digest of General Fund Revenues and the Economy as of November 22, 2010. This report includes final (unaudited) FY 2010 General Fund revenues and a revised FY 2011 General Fund revenue projection, in addition to summarizing current economic conditions affecting the County.

FY 2010 General Fund revenues totaled approximately $1.490 billion, a decline of $145.7 million, or 8.9%, from FY 2009 revenues. These collections fell short of the FY 2010 adopted budget estimate by $132.1 million, or 8.1%, 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, and subsequent income tax distributions for FY 2010 continued to reflect declines. Overall, FY 2010 income tax revenues fell an unprecedented $144.5 million, or 22.6%, 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 $20.1 million effect on the County's General Fund.

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, allowed the County to end FY 2010 with a balanced budget.

Moving forward, the Baltimore County Economic Advisory Committee has expressed a lukewarm outlook, predicting a level performance at best, for the national and regional economies, including Baltimore County. Our current forecast for FY 2011 revenues reflects this outlook; the projected FY 2011 revenue shortfall, which previously stood at $30 million, has worsened and now stands at $60 million in light of the fact that the November 2010 distribution of income tax revenues from the State did not indicate a significant recovery from the steep decline experienced in November 2009. Expectations of a slight increase in income tax revenues, combined with ongoing gains in property tax revenues largely due to the multi-year smoothing effect of the County's 4% Homestead cap, yield a projected revenue increase of 2.8% in FY 2011. Property-related transaction tax revenues are forecast to decline for the fifth consecutive year due to the expectation that the housing market will remain slow through the end of FY 2011, 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 $39.7 million) are expected to continue in FY 2011.

Unreserved, undesignated General Fund Balance (Surplus) as of June 30, 2010 totaled $109.2 million, or 7% of the FY 2011 General Fund budget, according to the most recent unaudited financial records. This amount does not include $9.4 million designated to fund the FY 2011 budget. In addition to the Surplus balance, the Revenue Stabilization Reserve Account (Rainy Day account) totaled $84.4 million as of June 30, 2010. The combined Surplus balance and Rainy Day account totaled $193.6 million, or 12% of the FY 2011 General Fund budget.

We will continue to monitor economic activity and revenue collections, particularly FY 2011 income tax distributions and any State actions during the legislative session that may impact current and future budgets. Our next update will include both revised revenue projections for FY 2011 and a preliminary revenue forecast for FY 2012.

Respectfully submitted,

Lauren M. Smelkinson

Lauren M. Smelkinson, CPA
County Auditor

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

REVENUE HIGHLIGHTS

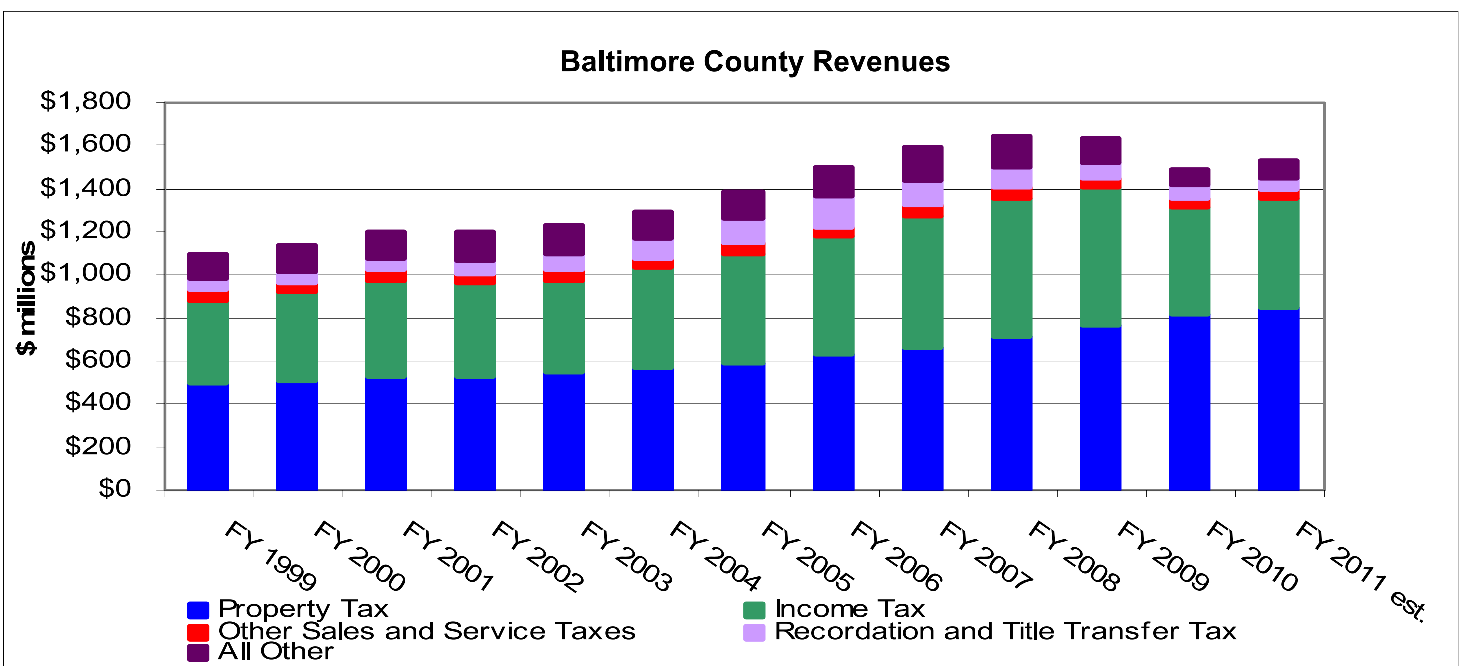
Unreserved, undesignated General Fund Balance (Surplus) as of June 30, 2010 totaled $109.2 million, or 7% of the FY 2011 General Fund budget, based on the most recent unaudited financial records. This amount does not include $9.4 million that was designated as a source of funding for the FY 2011 budget. In addition to the Surplus balance, the Revenue Stabilization Reserve Account (Rainy Day account) totaled $84.4 million as of June 30, 2010. The combined Surplus balance and Rainy Day account totaled $193.6 million, or 12% of the FY 2011 General Fund budget.

FY 2010 County General Fund revenues totaled approximately $1.490 billion, based on the most recent unaudited financial records. This amount fell short of original budget estimates by $132.1 million, or 8.1%. 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, and reduced planned expenditures. Excluding these transferred funds, FY 2010 General Fund revenues reflected a decline of $145.7 million, or 8.9%, from FY 2009 revenues, and were less than total General Fund revenues in every year since FY 2006.

The significant decline in FY 2010 was 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 were partially offset by steady growth in property tax revenues. Specifically, the County's property tax revenues increased by $48.5 million, or 6.3%, in FY 2010. This strong growth in property tax revenues was 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 declined by $144.5 million, or 22.6%, 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 $20.1 million, bringing State Aid revenues to $28.8 million, down $39.7 million, or 58.0%, 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 $1.531 billion, down approximately $90.6 million, or 5.6%, from budgeted FY 2010 revenues. Although lower than FY 2010 budgeted revenues, the FY 2011 projection represents an increase of $41.5 million, or 2.8%, over FY 2010 unaudited totals. The projected 2.8% revenue growth in FY 2011 primarily reflects anticipated gains in the County's property tax revenues combined with a slight rebound in County income tax collections. Property-related transaction tax revenues are forecast to decline again due to the expectation that the housing market will remain slow through the end of FY 2011, with no significant increase in housing prices until at least CY 2012. The State aid reductions implemented in FY 2010 (estimated at $39.7 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	Unaudited FY 2010	FY09-10 Change	Est. FY 2011	FY10-11 Change
Property Taxes	$ 765.6	7.4%	$ 814.1	6.3%	$ 843.3	3.6%
Income Tax	640.2	-0.1%	495.7	-22.6%	510.0	2.9%
Sales & Service Taxes	47.4	-10.7%	44.7	-5.7%	46.2	3.4%
Recordation Tax	22.1	-33.8%	20.0	-9.5%	17.4	-13.0%
Title Transfer Tax	43.1	-26.2%	41.0	-4.9%	34.4	-16.1%
Investment Income	4.8	-61.6%	0.9	-80.4%	1.2	27.7%
Intergovernmental	70.4	-10.2%	29.8	-57.7%	28.5	-4.4%
All Other	41.8	-16.7%	43.5	4.0%	50.2	15.5%
Total Revenue	$ 1,635.4	-0.3%	$ 1,489.7	-8.9%	$ 1,531.2	2.8%

The Baltimore County Economic Advisory Committee (BCEAC) expressed continued pessimism at its October 2010 meeting, despite observing some indications of a slow recovery in certain sectors. The Committee noted that money and credit remain tight, the housing market has stalled following the expiration of the first-time homebuyer tax credit, and employers are still hesitant to hire full-time employees despite government tax credits for hiring unemployed workers. On the positive side, while the manufacturing sector has been slow for most of the year, blanket orders have been increasing in recent months, and some industries are starting to show signs of recovery. In addition, the County is seeing 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 benefited 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. Customers are looking for major sales and promotions, and caution and curbed spending remain the norm. Sales volume during the holiday season is expected to be comparable to last year's holiday season, with even greater competition for market share.

- **The job market remains weak**, with job losses continuing in many sectors and employers still very selective in their hiring. There is some demand for highly experienced job seekers, most likely because companies often don't have the resources to train younger employees. Companies continue to hire temporary workers for specific projects in order to avoid long-term commitments.

- **The residential real estate market remains soft** following the expiration of the federal tax credit, despite low mortgage interest rates. The Committee noted that at the current sales pace it would take approximately 12 months to sell all of the homes on the market in Baltimore County. In light of this high level of inventory as well as an increase in foreclosures, it was predicted that prices will remain flat for at least the next year. 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.

NATIONAL ECONOMIC INDICATORS

In 2010:Q3, the U.S. economy grew at an annualized rate of 2.0%.

After a 2.6% contraction in 2009, the first annual contraction since 1991, real GDP is expected to increase by 2.7% in 2010.

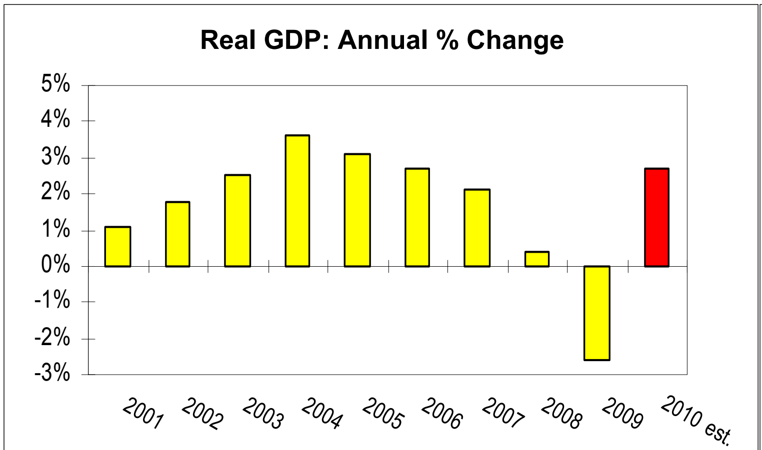
Real U.S. Gross Domestic Product (GDP) in 2010:Q3 increased at an annualized rate of 2.0%. This quarter's performance represents a slight acceleration from the 2010:Q2 annualized increase of 1.7%. The major factor contributing to the growth in 2010:Q3 GDP was an acceleration in personal consumption from 2.2% to 2.6%, primarily driven by services. This acceleration, however, is tempered by a significant deceleration in private domestic investment (most notably residential fixed investment and nonresidential equipment), a dramatic deceleration in imports (33.5% to 17.4%), and falling state and local government consumption and investment (0.6% to –0.2%). 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 November 2010 release of the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters* projects real GDP growth of 2.7% for all of 2010, followed by growth of 2.5% in 2011. Economists project GDP growth for the next five quarters to be stable but weak, largely due to expectations of persistent unemployment in the coming quarters. While the recession, as defined by the National Bureau of Economic Research, began in December 2007 and concluded in June 2009, a prolongedly weak labor market (9.7% unemployment projected in 2010) and strikingly variable personal expenditures certainly justify the lukewarm optimism expressed by BCEAC members about the local economic outlook for the remainder of 2010 and 2011.

Real consumer spending grew at an annualized rate of 2.6% in 2010:Q3.

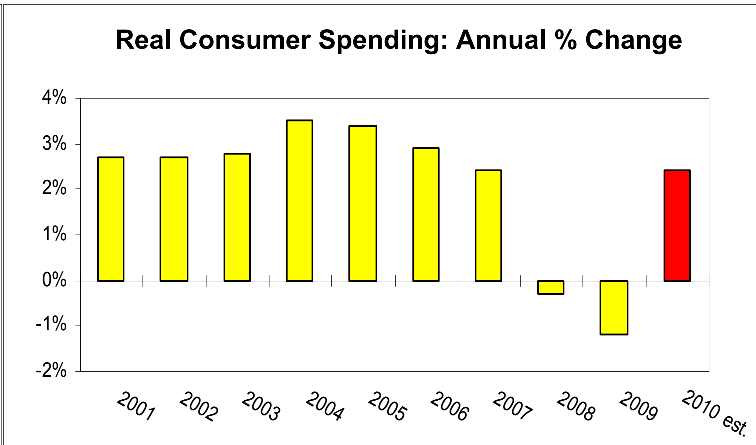
Real consumer spending, which accounts for roughly two-thirds of all U.S. economic activity, increased at an annualized rate of 2.6% during 2010:Q3 after increasing 2.2% in 2010:Q2. From 2010:Q2 to 2010:Q3, consumer spending growth decelerated from 6.8% to 6.1% (durable goods) and from 1.9% to 1.3% (non-durable goods), and accelerated from 1.6% to 2.5% (services). Members of the BCEAC expressed tempered expectations for personal consumption due to the uncertain recovery in employment and housing, and stagnation in manufacturing.

Consumer confidence increased in October 2010, but remains at historically low levels.

Consumer confidence, based on a survey of 5,000 U.S. households by The Conference Board (a well-known economic research organization), continued its variable and unstable trend, increasing in October 2010 after decreasing in September. The Conference Board noted that while less pessimistic expectations drove the increase in confidence, confidence is "still hovering at historically low levels." While the Conference Board reports mixed consumer expectations, pessimistic views of the current state of the national economy are "relatively unchanged, primarily because labor market conditions have yet to significantly improve."



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



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

The Federal Reserve's Federal Open Market Committee (FOMC) held interest rate targets between 0% and 0.25% at its November 3, 2010 meeting.

Interest rate targets were maintained between 0% and 0.25% at the November 3, 2010 meeting of the Federal Reserve's Federal Open Market Committee (FOMC). The current interest rate target range, which has been in place since the FOMC's December 2008 meeting, is the lowest since the FOMC's inception in 1954. Gradually increasing household spending and slightly rebounding nonresidential structures investment are the only signs of a weak economic recovery. At the same time, high unemployment, modest income growth, lower housing wealth, and depressed housing starts, in addition to weak investment in nonresidential equipment, continue to suggest doubtful economic gains. Due to this domestic economic uncertainty, the FOMC announced that it would purchase $600 billion in long-term Treasury securities by 2011:Q2. This announcement is in addition to the $18 billion in treasury securities the FOMC has already purchased by reinvesting principal payments from its securities holdings. The FOMC is concerned about low levels of inflation, or disinflation, especially since high levels of unemployment and low levels of resource utilization are significantly dampening cost pressures.

Concerns of disinflation are increasing due to persistently high unemployment and low resource utilization.

INTEREST RATE CHANGE FROM OCTOBER 2009 TO OCTOBER 2010

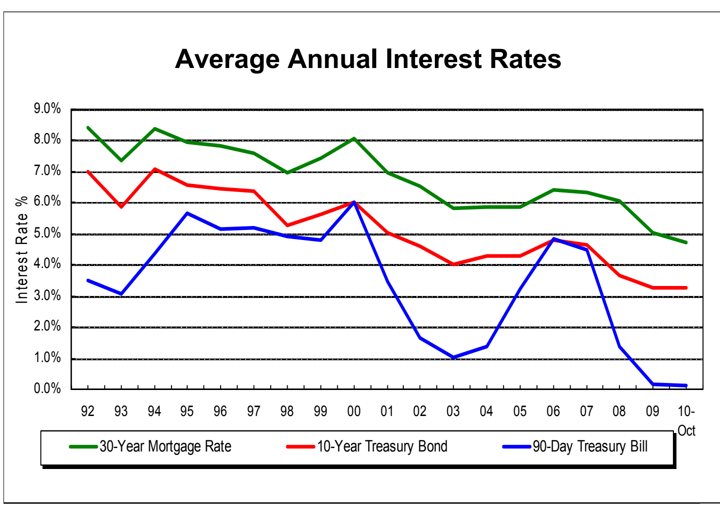
	Basis Points*
90-Day Treasury Bills	6
10-Year Treasury Bonds	85
30-Year Conventional Mortgage	72

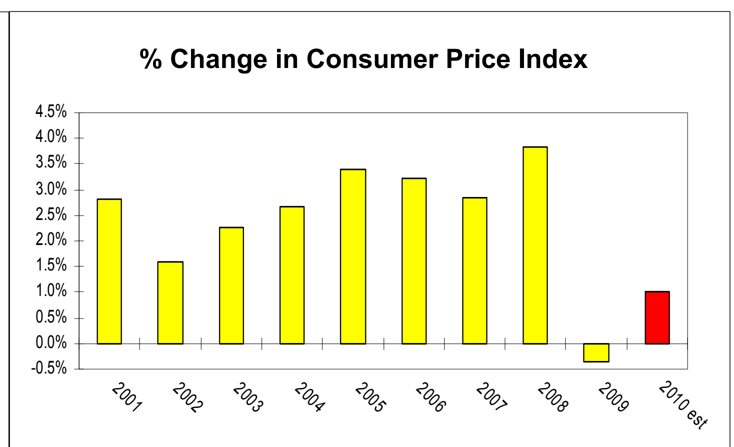
* A basis point is equal to .01 percentage point.

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

From October 2009 to October 2010, consumer inflation was 1.2%. Inflation is forecast at 1.0% and 1.6% for CY 2010 and CY 2011, respectively.

Inflation, as measured by the Consumer Price Index-All Urban Consumers (CPI-U), was 1.2% over the October 2009 to October 2010 period. Year-over-year inflation growth has been hovering around 1.1% since June 2010, following 6 months at or above 2.0%. Previously, the CPI-U saw 8 months of contraction which began in March 2009. Core inflation (which excludes food and energy inflation) was 0.6% over the October 2009 to October 2010 period, the first time it has fallen below 0.8% since March 1961. This historically low level of core inflation contributes to concerns regarding disinflation. For CY 2009 the CPI decreased by 0.4%, following an increase of 3.8% in CY 2008. The current year-over-year inflation forecast for CY 2010 is 1.0%, followed by 1.6% for CY 2011, according to the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters*, November 2010. The *Survey* projects that annual inflation will average 2.2% over the 2010 to 2019 period.





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

LOCAL ECONOMIC PERSPECTIVE

EMPLOYMENT

The employment level in the County has declined for 27 consecutive months, causing income tax collections to decline as well.

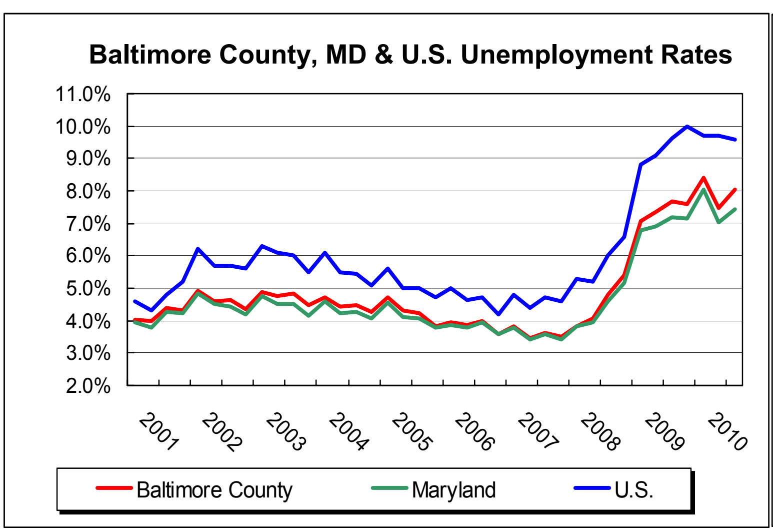
Employment, as measured by place of residence, has been falling in recent months for both Baltimore County and Maryland. Over the September 2009 to September 2010 period, Baltimore County residential employment decreased by 1,329 persons, or 0.3%, while Maryland residential employment decreased by 5,299 persons, or 0.2%. Year-over-year employment in Baltimore County has declined for 27 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.

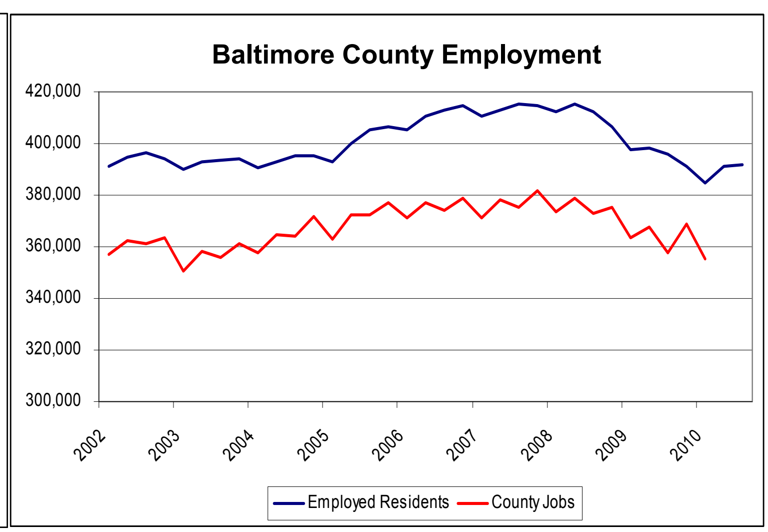
The number of County jobs decreased by 2.3% over the 2009:Q1 to 2010:Q1 period, while County employer payrolls fell 0.9%. In CY 2010, County and State jobs are forecast to decrease by 1.5% and 1.7%, respectively.

County jobs data show that from 2009:Q1 to 2010:Q1, the number of jobs in Baltimore County decreased by 2.3%, the same as the decrease in Maryland, while payrolls fell 0.9% in Baltimore County and at the State level. Over this same period, Baltimore County employers cut 8,262 positions from their payrolls. Nationally, non-farm payrolls decreased by 3.1 million jobs, or 2.3%, from 2009:Q1 to 2010:Q1. National payroll numbers increased by an average of 201,000 jobs per month in the first 5 months of CY 2010; however, much of this increase was driven by the federal government's need for temporary census workers. The nation lost an average of 71,000 jobs per month from June to September, followed by a preliminary estimate of 151,000 job gains in October. The most recent employment forecast from RESI (the economic research and consulting division of Towson University) predicts that in CY 2011, jobs at the County and State levels will both decrease by 0.2%, following declines of 1.5% and 1.7%, respectively, in CY 2010.

The County's September unemployment rate was 8.0%, which is higher than the State unemployment rate but well below the national rate.

The unemployment rate among County residents was 8.0% in September 2010, up from 7.6% a year earlier and higher than the current State rate of 7.3%. Since February, the County's unemployment ranking among Maryland jurisdictions has fallen from the 10th lowest to the 16th lowest. Within the entire Baltimore-Towson Metropolitan Statistical Area (MSA), the unemployment rate in September 2010 was 7.8%. The MSA unemployment rate is strongly influenced by Baltimore City's unemployment rate, which stood at 11.0% in September. Excluding Baltimore City, the September 2010 MSA unemployment rate was 7.0%. Nationally, the seasonally adjusted unemployment rate was 9.6% in September 2010, down from 9.8% in September 2009 and unchanged from the August 2010 unemployment rate. BCEAC members noted that while employers remain hesitant to hire, 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 2.89% in FY 2011 and 3.05% in FY 2012.

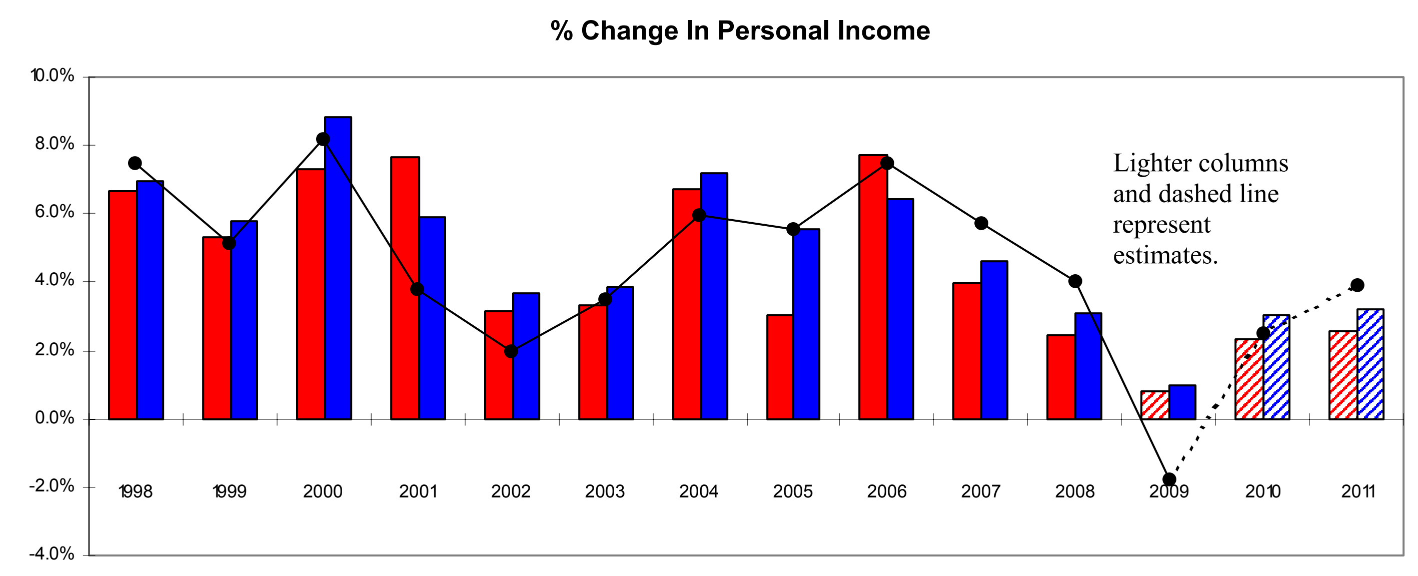
RESI's personal income (PI) growth forecasts continue to fluctuate over the last six quarterly reports. RESI's October 2010 forecast shows Baltimore County's PI increasing by 1.23% and 2.89% in FY 2010 and FY 2011, respectively. Maryland's PI is forecast to increase by 1.43% and 3.27% in FY 2010 and FY 2011, respectively. RESI's October 2010 PI growth estimates for FY 2010 were revised downward from the July 2010 estimates for both Baltimore County and Maryland; however, the growth estimates for FY 2011 were revised upward. Longer-term, PI in Baltimore County is expected to grow by 3.05% in FY 2012, compared with 3.42% in the State, both slight upward revisions from the July 2010 estimates. These estimates reflect an expectation of a gradual 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 increased at a faster pace than it did nationally, while PI growth in Baltimore County fell a bit short of national growth, with total increases of 70.3% in Maryland, 64.7% nationally, and 63.4% in Baltimore County. The most recent quarterly reading for Maryland shows PI increasing by 0.9% from 2010:Q1 to 2010:Q2, while PI in the U.S. increased by 1.0%. (County data are reported annually.) Given the persistent weak nature of the national, state, and local economies, PI growth is unlikely to accelerate in the near term. Nationally, in 2010:Q3, wages and salaries composed 50.9% of PI. Government transfer payments (18.1% of PI) are principally composed of unemployment benefits and old-age/disability/health insurance benefits, which have increased 264.9% and 17.1%, respectively, since early in the recession 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, which was adopted in FY 2010 to smooth out economic fluctuations, stabilize spending growth over time, and correct for revisions over time to current and prior year personal income growth forecasts. Based on RESI's October 2010 estimates of annual County PI growth, the average annual growth for FY 2007 to FY 2011 is 3.20%, or 60 basis points lower than the Committee's adopted growth rate of 3.80% for FY 2011.



Estimate source: RESI, October 2010

EXISTING HOME SALES

In October 2010, the number of existing Baltimore County homes sold decreased by 38.7% from a year earlier.

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

October 2010 pending existing home sales were down 22.8% 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 8.1% lower in October 2010 versus October 2009.

Property-related transaction tax revenues fell in both FY 2009 and FY 2010. These revenues are expected to continue to decline in FY 2011.

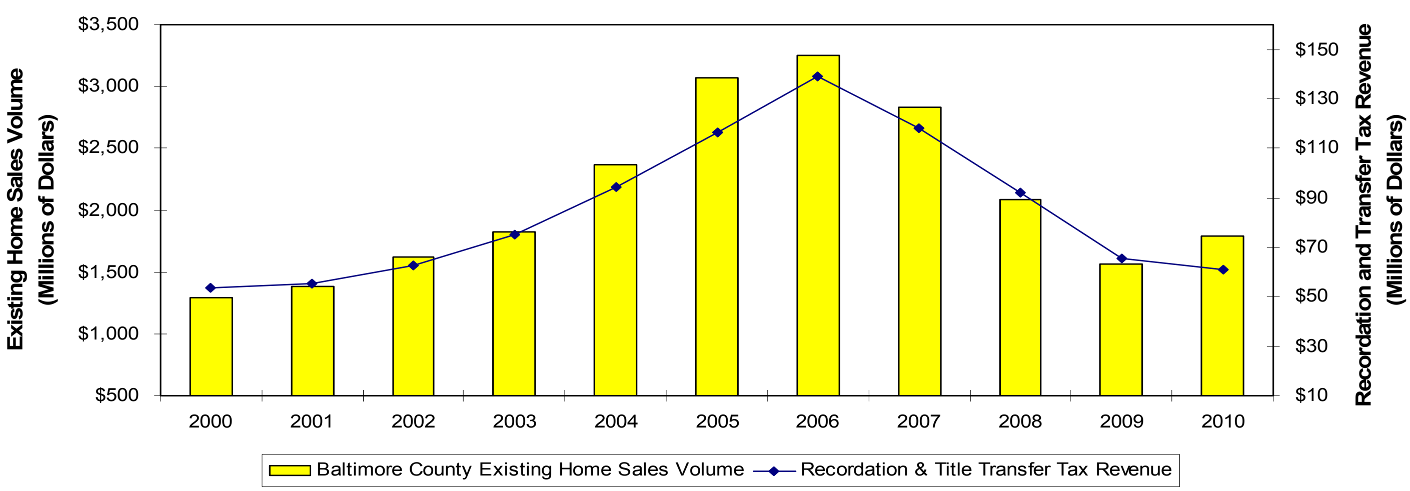
Existing home sales in Baltimore County totaled 6,660 units in FY 2010, 19.0% above FY 2009 and the first year-over-year increase in units sold since FY 2005. However, FY 2010 home sales remain 3.2% below the FY 2008 total, and recent data at both the national and local levels indicate that the federal 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 October 2010 totaled 380 units, down 38.7% from a year earlier. Prices remain low, with the median price of an existing home sold in the County totaling $215,000 in October 2010, unchanged from October 2009. Meanwhile, the active inventory in October 2010 rose by 12.1% from October 2009. The BCEAC residential real estate representative reported that pending home sales are declining, yet predicted that sales will pick up slightly in CY 2011 while prices remain flat.

Pending existing home sales in October 2010 totaled 510, down 151 units, or 22.8%, from October 2009, following a 31.5% decrease in September 2010. Pending home sales showed year-over-year declines since May 2010, reflecting the impact of the April 2010 expiration of federal stimulus money for first-time homebuyers.

Mortgage interest rates (for 30-year conventional mortgages) in October 2010 were 4.23%, down 72 basis points from October 2009 when rates were 4.95%. Over this same period, the median price of an existing home sold in Baltimore County remained flat, as noted previously, compared to a decrease of 1.5% 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 $1,055 in October 2010, 8.1% below the October 2009 level of $1,148 (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 and 53.2% from peak collection levels experienced in FY 2006. 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 expected to continue to decline in FY 2011 due to flat home prices and subdued demand.

Baltimore County Existing Home Sales Volume and Recordation and Title Transfer Tax Revenue: Fiscal Years 2000—2010



CONSTRUCTION

The total value of construction permits issued in 2010:Q3 decreased 8.0% from a year earlier, primarily reflecting a strong decline 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:Q3 totaled $157.1 million, $13.6 million, or 8.0%, below 2009:Q3. The 2010:Q3 permit valuation, which reflects continued uncertainty across construction sectors, follows a year-over-year decline of 37.5% in 2010:Q2. Residential construction is showing signs of improvement, growing 47.4% from 2009:Q3 to 2010:Q3. However, non-residential construction showed a decrease of $34.3 million, or 60.4%, from a strong performance of $56.8 million in 2009:Q3. The primary contributor to new non-residential construction permits in 2010:Q3 was the new Humanities Building at Maryvale Preparatory School, valued at $11.0 million. Two other new non-residential construction permits valued at $2 million or more were issued in the County in 2010:Q3: $5.6 million for a new Board of Education Multipurpose Center in Dundalk and $2 million for a new 2-story office building in Perry Hall-White Marsh.

Additions, alterations, and repairs activity in 2010:Q3 rose 9.2% from a year earlier to $95.1 million.

Additions, alterations, and repairs (AAR) activity in 2010:Q3 totaled $95.1 million, up $8.0 million, or 9.2%, from 2009:Q3 and 21.1% below the average of 3rd quarter activity over the last 7 years. The total value of residential AAR permits rose 1.7% from 2009:Q3 to 2010:Q3, while the value of non-residential AAR permits rose 12.0% over the same period.

In 2010:Q3, the total number of new residential building permits rose 38.5% compared to a year earlier, while the dollar value of these permits rose 47.4%.

New residential building permit data show that the total number of permits issued in 2010:Q3 increased by 38.5% from the number issued in 2009:Q3, with multi-family unit permits up 67 units to 81 units and single-family unit permits down 7 units to 135 units. This increase in residential permits following a decline of 60.3% in 2010:Q2 shows that the local housing market has yet to stabilize. The total dollar value of the new residential building permits issued in 2010:Q3 rose $12.7 million, or 47.4%, to $39.4 million, following increases in the last three quarters. This increase represents the first time since 2006:Q2 that the County has seen four consecutive quarters of year-over-year increases in residential building permit values. Still, the value of new residential building permits in 2010:Q3 remains well below the 7-year average of 3rd quarter activity.

Construction employment represented 5.7% of County jobs in 2010:Q1 (the most recent data available).

Construction employment represented 5.7% of County jobs and had an average wage rate that was 18.7% above the County average in 2010:Q1 (the most recent data available). Though the number of jobs available has fallen in recent months, construction activity continues to support quality jobs.