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BALTIMORE COUNTY FISCAL DIGEST

GENERAL FUND REVENUES & THE ECONOMY

Baltimore County, Maryland

August 8, 2011

BALTIMORE COUNTY, MARYLAND
OFFICE OF THE COUNTY AUDITOR

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August 11, 2011

Honorable Members 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 August 8, 2011. This report summarizes current economic conditions affecting the County and includes revised General Fund revenue projections for FY 2011 and FY 2012.

The revised FY 2011 revenue projection reflects a shortfall of $41.1 million, or 2.6%, from the original budget estimate, which was arguably overly optimistic in its income tax expectations. This optimism, combined with the State's reconciliation of an over distribution in income taxes that occurred in FY 2010, contributed significantly to the budget shortfall. FY 2011 is the second consecutive year that a significant State reconciliation has been necessary. In addition, property-related transaction tax revenues are not meeting expectations. The shortfalls in these two revenue categories are partially offset by bond premium revenues from the November 2010 bond sale as well as small, unanticipated increases in minor revenue categories. As you are aware, in order to address the FY 2011 revenue shortfall the Administration is transferring $53.0 million from other funds to the General Fund. This funding transfer, along with an estimated $25.6 million in spending reversions, allows the County to end the fiscal year with a balanced budget and a replenished reserve.

On August 2, 2011, the Baltimore County Economic Advisory Committee expressed a cautious outlook due to weak consumer confidence, slow job growth, and a foreclosure-heavy housing market. Preliminary FY 2012 revenue estimates reflect this outlook, with total General Fund revenues expected to grow just 0.7%. Property tax revenue growth is forecast to slow significantly because for many homeowners the annual 4% growth limit pursuant to the local Homestead Property Tax Credit Program has caught up with assessed values, which have seen double digit declines in recent years. (It is noteworthy that many homeowners are still receiving a Homestead tax credit for FY 2012; some homeowners are seeing their property tax bills increase by the 4% maximum, despite an often dramatically lower assessed home value, which can be a source of confusion for individuals who are unaware of the mechanics of the Homestead Credit Program.) Income tax collections, which are still rebounding from the steep decline experienced in FY 2010, are expected to show modest growth, while property-related transaction tax revenues are expected to post small gains after five consecutive years in decline. The State aid reductions enacted in recent years will continue in FY 2012 due to the State's budgetary challenges.

Unreserved, undesignated General Fund Balance (Surplus) as of June 30, 2011 is expected to total approximately $80.8 million, based on current FY 2011 revenue projections and the FY 2011 expenditure estimates reported in the Executive's Budget Message on April 14, 2011. This amount does not include $60.6 million designated to fund the FY 2012 budget. In addition to the Surplus balance, the Revenue Stabilization Reserve Account (Rainy Day account) is expected to total $84.6 million as of June 30, 2011. Final surplus totals as of June 30, 2011, which will reflect final FY 2011 revenues and expenditures, should be available by early fall.

We will continue to monitor economic activity and revenue collections, particularly income tax distributions and discussions regarding the sharing of teacher pension costs that are likely to occur during the State legislature's special session this fall. Our next update will include final revenue figures for FY 2011 along with a revised FY 2012 forecast and will follow the October meeting of the Baltimore County Economic Advisory Committee.

Respectfully submitted,

Lauren M. Smelkinson

Lauren M. Smelkinson, CPA
County Auditor

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

REVENUE HIGHLIGHTS

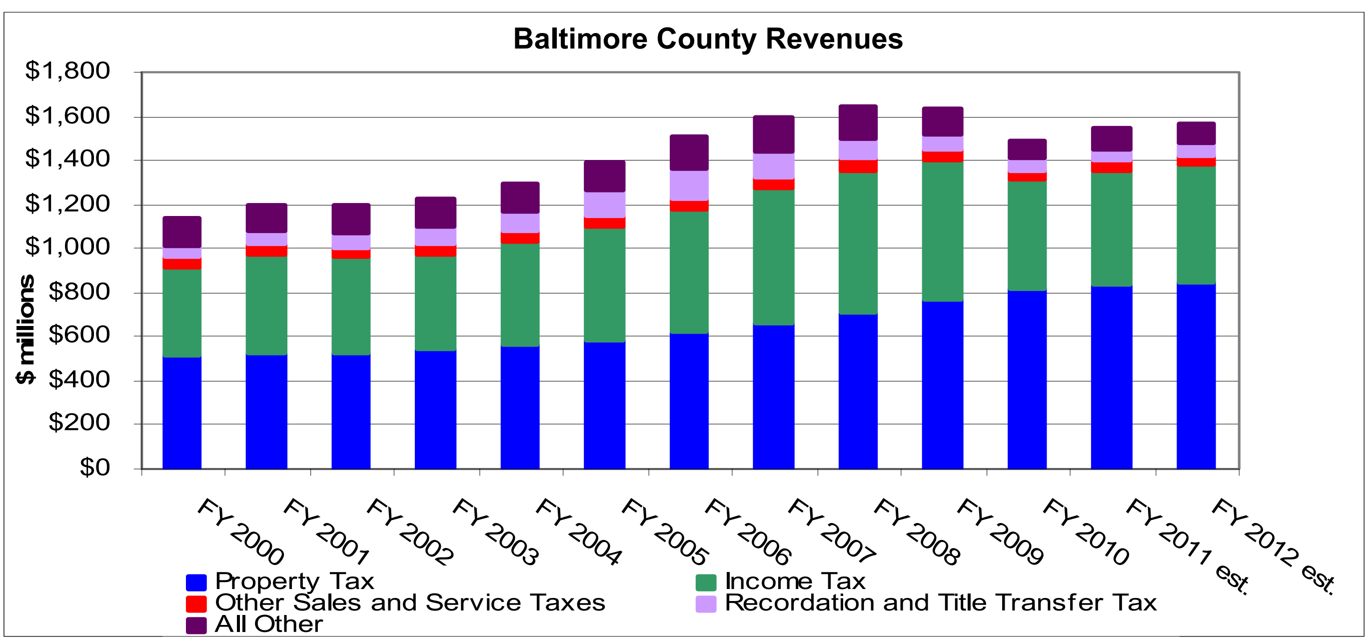
Unreserved, undesignated General Fund Balance (Surplus) as of June 30, 2011 is expected to total approximately $80.8 million, based on current FY 2011 revenue projections and the FY 2011 expenditure estimates reported in the Executive's Budget Message on April 14, 2011. This amount does not include $60.6 million designated to fund the FY 2012 budget. In addition to the Surplus balance, the Revenue Stabilization Reserve Account (Rainy Day account) is expected to total $84.6 million as of June 30, 2011. The expected Surplus balance and Rainy Day amounts together total $165.4 million, or 10.3% of the FY 2012 General Fund budget. Actual Surplus totals as of June 30, 2011, which will reflect final FY 2011 revenues and expenditures, should be available by early fall.

FY 2011 County General Fund revenues are expected to total approximately $1,549.7 million, which falls short of original budget estimates by $41.1 million, or 2.6%. In order to address this revenue shortfall, the Administration is transferring $53.0 million from other funds, including the Capital Projects Fund and the Economic Development Revolving Financing Fund, to the General Fund. Excluding transferred funds, anticipated FY 2011 revenues reflect an increase of $60.3 million, or 4.0%, over FY 2010 revenues. Despite this increase, anticipated FY 2011 revenues remain less than FY 2007 collections.

The FY 2011 shortfall is primarily due to lower-than-anticipated income tax revenues resulting from the State reconciling an FY 2010 over distribution, the second consecutive year that such a reconciliation has been needed. In addition, property-related transaction tax revenues are not meeting expectations. Shortfalls in these two revenue categories are partially offset by bond premium revenues from the November 2010 bond sale as well as small, unanticipated increases in other minor revenue categories.

FY 2011 income tax collections, which will be final after the State distributes the final reconciliation of second quarter withholdings and estimated payments in late August, are expected to increase by $17.3 million, or 3.5%, representing a slight rebound from FY 2010 collections. FY 2010 income tax revenue had declined 22.6% from the prior fiscal year as a result of a State reconciliation, combined with declining employment levels, stagnant wage growth, and low capital gains. Growth in property tax revenues is slowed but steady, while property-related transaction tax revenues are declining for the fifth consecutive year due to slow transaction volume and the continued downward pressure on prices caused by the large number of foreclosures on the market. The State aid reductions implemented in FY 2010 (estimated at $39.7 million) continued in FY 2011.

FY 2012 General Fund revenues are projected to reach $1,560.7 million, an increase of $11.0 million, or 0.7%, over current FY 2011 estimates. The projected 0.7% revenue growth in FY 2012 primarily reflects a continuation of the rebound in County income tax collections following the steep decline in FY 2010, combined with subdued gains in property tax revenues. In recent years, the County's property tax revenues have continued to grow despite declining assessments due to the annual 4% growth limit pursuant to the local Homestead Property Tax Credit Program. However, the annual 4% growth has caught up with assessed values, and growth in property tax revenues is expected to slow significantly in FY 2012. Property-related transaction tax revenues are expected to show modest gains due to the expectation that the housing market has hit bottom and sales volume will begin to recover in FY 2012 while prices remain flat. The State aid reductions enacted in recent years will continue in FY 2012 due to the State's budgetary challenges.



REVENUE FORECAST & ECONOMIC OUTLOOK

FY 2011 General Fund revenue growth represents a partial rebound from the pronounced decline in FY 2010 resulting from significant reductions in income tax collections and State aid. FY 2012 revenues are expected to show limited growth, with collections remaining below FY 2007 levels.

($ Millions) Revenue Source	Actual FY 2010	FY09-10 Change	Est. FY 2011	FY10-11 Change	Est. FY 2012	FY11-12 Change
Property Taxes	$ 814.1	6.3%	$ 840.9	3.3%	$ 848.5	0.9%
Income Tax	495.7	-22.6%	513.0	3.5%	530.9	3.5%
Sales & Service Taxes	43.4	-8.4%	43.2	-0.5%	43.8	1.4%
Recordation Tax	20.0	-9.5%	18.1	-9.5%	19.0	5.0%
Title Transfer Tax	41.0	-4.9%	35.7	-12.9%	37.5	5.0%
Intergovernmental	30.9	-56.1%	32.9	6.5%	31.5	-4.3%
All Other	44.3	6.0%	65.9	48.7%	49.5	-24.9%
Total Revenue	$ 1,489.4	-8.7%	$ 1,549.7	4.0%	$ 1,560.7	0.7%

The Baltimore County Economic Advisory Committee (BCEAC) expressed mixed sentiments with respect to the economic recovery at its August 2011 meeting, noting that some sectors are performing well while others appear to have stalled. The Committee observed that the manufacturing sector, which is often considered a leading indicator for the overall economy, saw growth in orders through June, and while there is currently a slowdown typical of summer months, it is expected that orders will pick up again in September. However, the residential real estate market continues to suffer due to uncertainty in the employment sector as well as the large number of foreclosures on the market, which drives prices down. To compound these challenges, recent declines in government-related spending at the Federal, State, and local levels have disproportionately affected the Baltimore region due to its heavy reliance on Federally-funded jobs. Still, 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. Members' near-term outlook for the local economy is cautious due in part to the following factors:

- **Consumer confidence is weak,** an indication that consumers are not yet convinced that the economy is improving. Consumer confidence is critical to a sustained recovery because the consumer generally accounts for over two-thirds of total economic activity. While some local stores are successfully attracting customers through promotions and community events, caution and curbed spending prevail.

- **Job growth remains slow,** and the unemployment rate, which is on the rise after trending downward earlier this year, is expected to remain high by historical standards for the foreseeable future. The County has experienced minimal year-over-year job gains in the last 6 months, and employers continue to delay hiring full-time workers. The education and healthcare and professional and business services sectors continue to be sources of job gains, and there is still demand for workers with skill sets in information technology, engineering, and healthcare.

- **The residential real estate market has experienced a decline in the number of sales** in recent months, in part because last year's sales were propped up by the federal tax credits. Pending home sales are currently seeing double-digit increases over last summer when contracts had dropped off following the expiration of the tax credits. Prices remain low, and in light of the high volume of foreclosures it is predicted that prices will be flat for the foreseeable future. Due to the prolonged decline in the value of residential real estate transactions in the region, County property-related transaction tax revenues fell for the fifth consecutive year in FY 2011. Property tax revenues have reacted more slowly to the declining real estate market because of the annual 4% growth limit for owner–occupied homes pursuant to the local Homestead Property Tax Credit Program. However, the annual 4% growth limit has caught up with assessed values, and growth in property tax revenues is expected to slow significantly in FY 2012.

NATIONAL ECONOMIC INDICATORS

In 2011:Q2, the U.S. economy grew at an annualized rate of 1.3%.

Real U.S. Gross Domestic Product (GDP) in 2011:Q2 increased at an annualized rate of 1.3%. This quarter's performance represents an acceleration from the 2011:Q1 annualized increase of 0.4%. The major factor contributing to the acceleration in 2011:Q2 was a resurgence in both private domestic investment and federal defense spending, which grew by 7.1% and 7.3%, respectively. This acceleration, however, is tempered by a slowdown in personal consumption growth from 2.1% to 0.1%, primarily driven by a contraction in durable goods consumption and minimal growth in non-durable goods consumption. State and local government consumption and investment continued to decline at a rate of 3.4%; meanwhile, federal non-defense investment contracted by 7.3%. For all of 2010, real GDP grew by 3.0%, rebounding from a 3.5% contraction in 2009 and higher than the 10-year average growth of 1.6%. The May 2011 release of the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters,* which preceded both 2011:Q2 data and the significant downward revision to 2011:Q1 GDP growth, projected real GDP growth of 2.7% for all of 2011, followed by 3.0% growth in 2012. Economists project GDP growth for the next five quarters to be stable. Despite this stability, and the fact that the recession, as defined by the National Bureau of Economic Research, concluded in June 2009, a persistently weak labor market (8.7% unemployment projected for 2011) has collared U.S. economic growth. A stagnant housing market in the midst of a worsening labor market justified the caution expressed by BCEAC members regarding the local economic outlook for 2011.

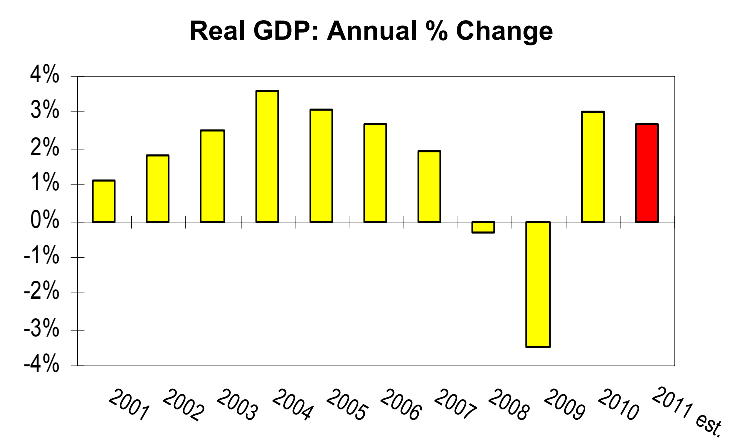
After contractions of 3.5% in 2009 and 0.3% in 2008, and 3.0% growth in 2010, real GDP growth is expected to slow somewhat in 2011.

Real consumer spending grew at an annualized rate of 0.1% in 2011:Q2.

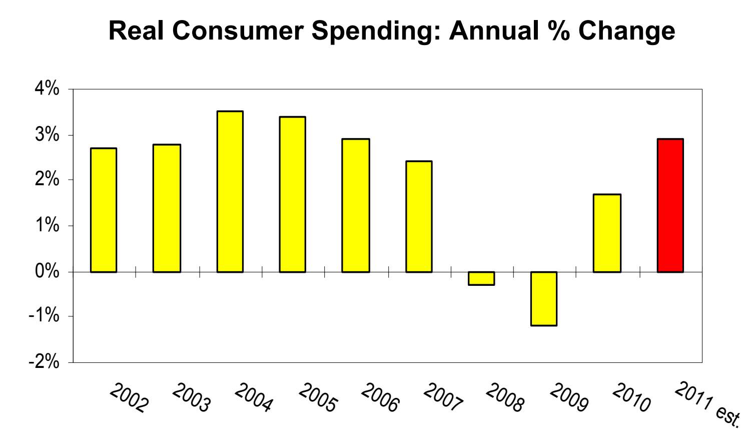
Real consumer spending, which accounts for roughly two-thirds of all U.S. economic activity, increased at an annualized rate of 0.1% during 2011:Q2 after increasing 2.1% in 2011:Q1. From 2011:Q1 to 2011:Q2, consumer spending on durable goods slowed dramatically, decelerating from 11.7% growth to a 4.4% contraction. Over the same time period, growth in consumer spending on non-durable goods decelerated from 1.6% to 0.1% while services maintained a growth rate of 0.8%. Members of the BCEAC were encouraged by a positive report from the local retail representative.

Consumer confidence rose slightly in July 2011 after 2 months of decline.

Consumer confidence, based on a survey of 5,000 U.S. households by The Conference Board (a well-known economic research organization), after declining in May and June, improved slightly in July 2011. The Conference Board noted that the modest uptick in confidence is due to "an improvement in consumers' short-term outlook." However, the Board reports that declining assessments of current business conditions and stagnant expectations regarding income combined with concerns about the labor market "continue to weigh on consumers' attitudes."



Estimate Source: *Survey of Professional Forecasters*, May 2011



Estimate Source: *Survey of Professional Forecasters*, May 2011

The Federal Reserve's Federal Open Market Committee (FOMC) held interest rate targets between 0% and 0.25% at its June 22, 2011 meeting.

Interest rate targets were maintained between 0% and 0.25% at the June 22, 2011 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 1954 inception. The FOMC believes information received since its previous meeting in April suggests that while the economic recovery is progressing at a moderate pace, it has been slower than expected. Household spending and business investment in equipment and software continue to expand. However, labor market indicators are weaker than expected, and weak growth persists in nonresidential structures investment as well as the housing sector. The FOMC announced that it would complete its purchase of $600 billion in long-term treasury securities by the end of June. This purchase follows an $18 billion purchase of treasury securities. The FOMC notes that while commodity prices have risen in recent months, largely due to concerns about crude oil supplies and supply-chain disruptions related to the natural disasters in Japan, long-term inflation expectations remain stable due to the belief that these inflationary pressures are temporary.

While the threat of long-term inflation is undercut by persistently high unemployment and low resource utilization, short-term inflation is increasing due to higher commodity prices and supply-chain disruptions.

INTEREST RATE CHANGE FROM JUNE 2010 TO JUNE 2011

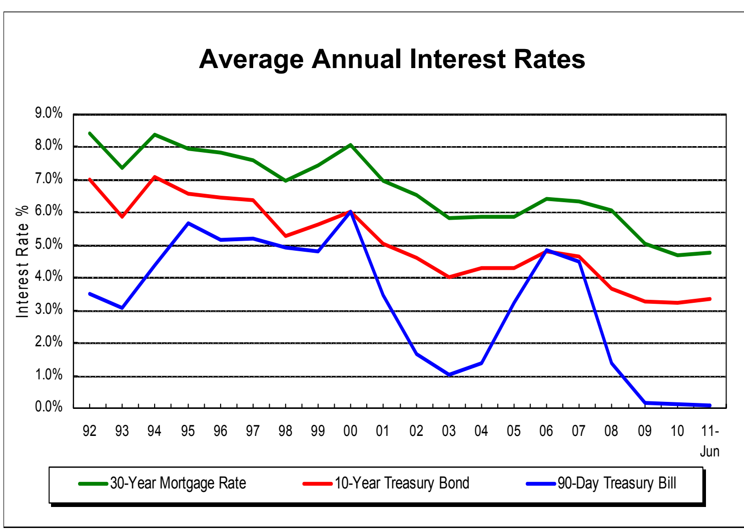
	Basis Points*
90-Day Treasury Bills	-8
10-Year Treasury Bonds	-20
30-Year Conventional Mortgage	-23

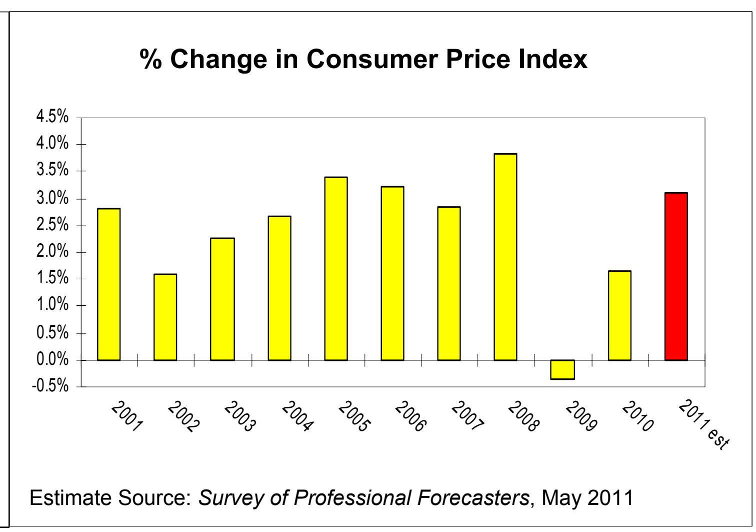
* A basis point is equal to .01 percentage point.

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

From June 2010 to June 2011, consumer inflation was 3.6%. Inflation is forecast at 3.1% and 2.2% for CY 2011 and CY 2012, respectively.

Inflation, as measured by the Consumer Price Index-All Urban Consumers (CPI-U), was 3.6% over the June 2010 to June 2011 period, largely driven by the increase in crude oil prices. Year-over-year consumer price growth has been climbing since the beginning of 2011 when growth was measured at 1.6%. Core inflation (which excludes food and energy inflation) was 1.6% over the June 2010 to June 2011 period, a clear indication of the commodity price pressures. For CY 2010 the CPI increased by 1.6%, following a decrease of 0.4% in CY 2009. The current year-over-year inflation forecast for CY 2011 is 3.1%, followed by 2.2% for CY 2012, according to the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters*, May 2011. The *Survey* projects that annual inflation will average 2.4% over the 2011 to 2020 period.





LOCAL ECONOMIC PERSPECTIVE

EMPLOYMENT

Any recovery to employment in the County has been minimal.

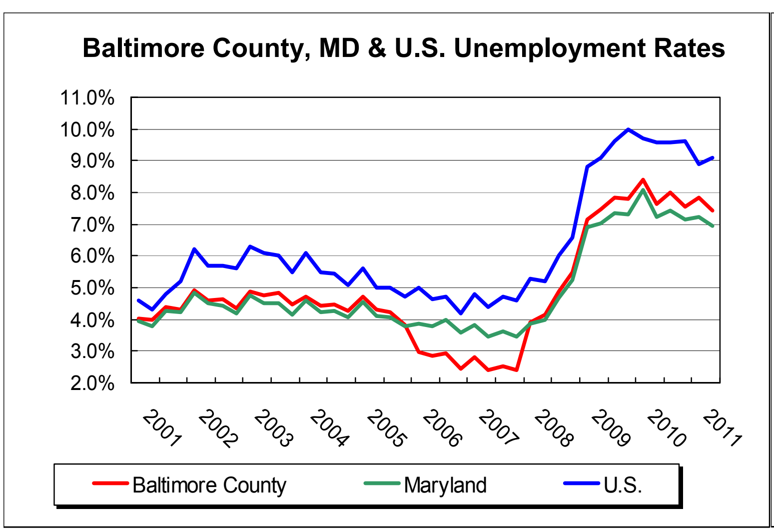
Employment, as measured by place of residence, has increased on a month-to-month basis for 2 consecutive months in both Baltimore County and Maryland. Over the June 2010 to June 2011 period, Baltimore County residential employment increased by 2,235 persons, or 0.6%, while Maryland residential employment increased by 18,236 persons, or 0.7%. June 2011 marks the fifth month of year-over-year employment growth in Baltimore County since December 2010, which ended 30 straight months of employment contraction. The Baltimore County employment increase has been so slight, however, that it has not significantly contributed to the rebound in County income tax collections in FY 2011.

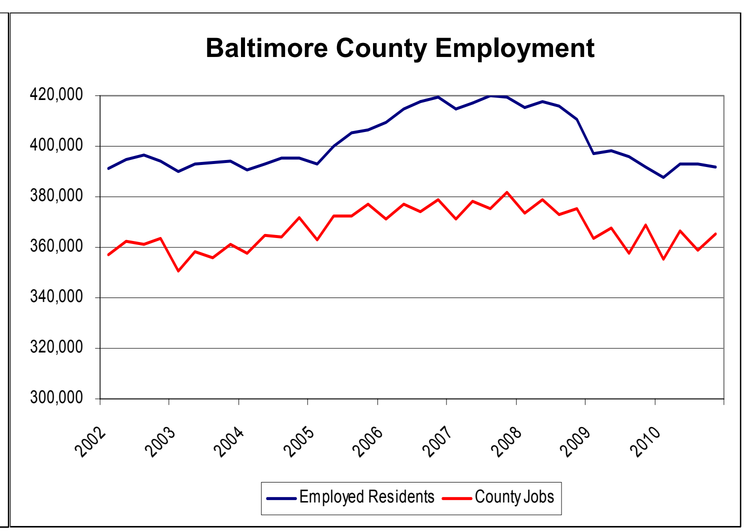
The number of County jobs decreased by 0.9% over the 2009:Q4 to 2010:Q4 period, while County employer payrolls grew 1.3%.

County jobs data show that from 2009:Q4 to 2010:Q4, the number of jobs in Maryland increased by 0.8% while jobs in the County fell by 0.9% as Baltimore County employers cut 3,201 positions. Payrolls grew 1.3% in Baltimore County and 3.4% at the State level. Nationally, non-farm payrolls increased by approximately 1.0 million jobs, or 0.8%, from 2010:Q2 to 2011:Q2. National payroll numbers have increased by an average of 57,000 jobs per month since January 2011, a stark reminder of how stagnant the labor market is. While the nation stopped losing jobs in September 2010, employment has not rebounded significantly, with just 1.0 million jobs added in the last 9 months. Preliminary estimates show 25,000 and 18,000 job gains nationally in May 2011 and June 2011, respectively. Sage Policy Group, Inc. (the Spending Affordability Committee's economic consultant) reports that Maryland ranked last in the nation for job growth from May 2010 to May 2011, and recent data suggest no relief is in sight.

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

The unemployment rate among County residents was 7.9% in June 2011, unchanged from a year earlier and higher than the current State rate of 7.4%. The County has experienced minimal year-over-year job gains for the past 6 months. Within the entire Baltimore-Towson Metropolitan Statistical Area (MSA), the unemployment rate in June 2011 was 7.9%. The MSA unemployment rate is strongly influenced by Baltimore City's unemployment rate, which stood at 11.0% in June. Excluding Baltimore City, the June 2011 MSA unemployment rate was 7.1%. Nationally, the seasonally adjusted unemployment rate was 9.2% in June 2011, down from 9.5% in June 2010 but climbing from the unemployment rate low of 8.8% reached in March 2011. BCEAC members noted that the unemployment rate has increased and there are no major job market expansions on the horizon, which does not bode well for local income tax collections.





PERSONAL INCOME

The Spending Affordability Committee's economic consultant currently projects that County personal income growth will be 3.56% in FY 2011 and 5.13% in FY 2012.

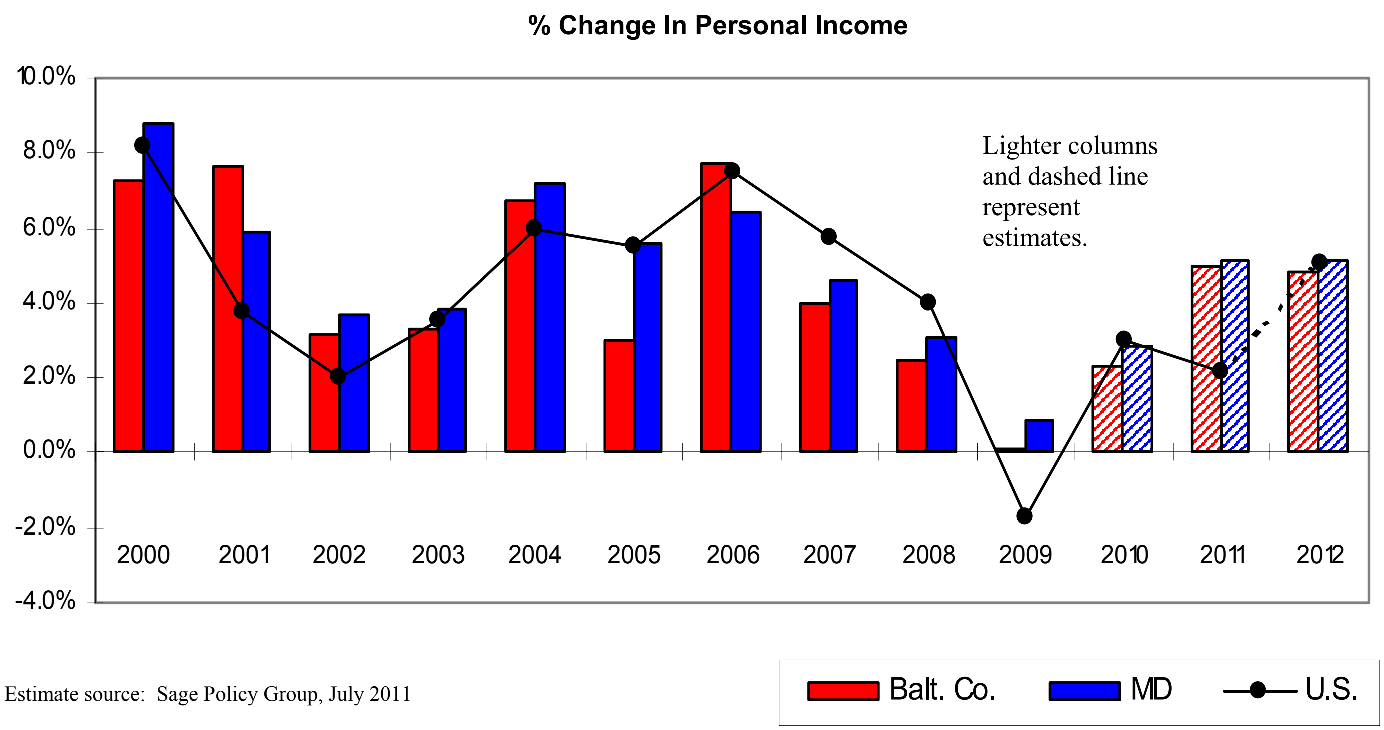
Sage Policy Group, Inc. (Sage), the Spending Affordability Committee's economic consultant, predicts in its July 2011 report that Baltimore County's personal income (PI) will increase by 5.13% in FY 2012. It is expected that the County's PI grew 3.56% in FY 2011. These rates represent a substantial improvement from the FY 2010 estimated growth rate of 0.68%. Maryland's PI is forecast to increase by 5.33% in FY 2012, also significantly higher than its estimated growth of 1.33% and 3.96% in FY 2010 and FY 2011, respectively. Longer term, PI in Baltimore County is expected to grow by 4.98% in FY 2013, which, while demonstrating continued improvement, is still far from the 6.19% growth achieved in FY 2007. In comparison, PI in the State is expected to grow by 5.16% in FY 2013.

The long-term growth of personal income is uncertain given recent increases in unemployment and contractions in consumption growth.

Over the 1999 to 2009 period, PI in both Maryland and Baltimore County increased at a faster pace than national PI, with total increases of 62.4% in Maryland, 55.3% in Baltimore County, and 53.9% nationally. The most recent quarterly reading for Maryland shows that PI increased by 1.7% from 2010:Q4 to 2011:Q1, while PI in the U.S. increased by 1.8%. (County data are reported annually.) Despite the accelerating PI growth projections, the uncertain nature of the national, state, and local economic recovery indicates that actual PI growth is likely to remain volatile. Nationally, in 2011:Q1, wages and salaries comprised 50.4% of PI. Old-age/disability/health insurance benefits, which make up 9.7% of PI, have seen an increase of 5.0% since 2010:Q1. Meanwhile, unemployment benefits have decreased 19.3% over the same time period.

The County's Spending Affordability Committee recommended a spending growth limit of 2.25% for FY 2012.

For FY 2012, the County's Spending Affordability Committee recommended a spending growth rate limit of 2.25% based on a 5-year average of Sage's January 2011 estimates of annual County PI growth for FY 2008 to FY 2012. Sage's July 2011 forecasts of annual County PI growth for FY 2013 and FY 2014 are 4.98% and 5.18%, respectively. Based on these forecasts and the estimated growth in prior years, the projected maximum spending growth recommendation would be 2.99% for FY 2013 and 3.91% for FY 2014.



Estimate source: Sage Policy Group, July 2011

EXISTING HOME SALES

In June 2011, the number of existing Baltimore County homes sold decreased by 14.7% from a year earlier.

The median price of existing homes sold in Baltimore County fell 9.8% between June 2010 and June 2011.

Existing home sales in Baltimore County totaled 5,525 units in FY 2011. This total is 20.0% below FY 2010 sales, which were aided by the federal stimulus money for first-time homebuyers, and 1.3% below FY 2009 sales. These declines clearly indicate that the 23.4% increase in units sold in FY 2010 was only a temporary spike. The number of homes sold in June 2011 fell 14.7% from a year earlier to 635 units. Prices remain low, with the median price of an existing home sold in the County totaling $204,900 in June 2011, down 9.8% from June 2010. Meanwhile, the active inventory in June 2011 fell 2.5% from June 2010. Due to the high volume of foreclosures on the market, the BCEAC residential real estate representative predicted that prices will be flat through CY 2011, with some increase in volume.

June 2011 pending existing home sales were up 42.6% compared to a year earlier.

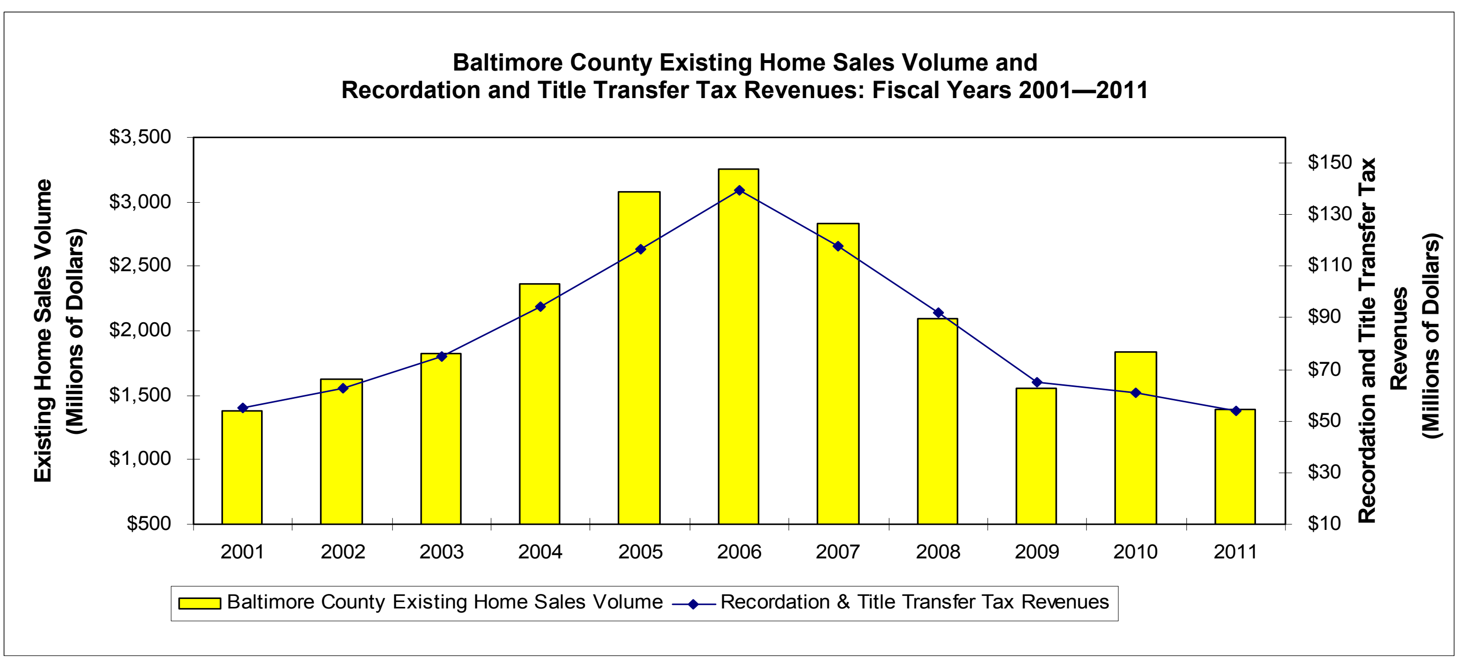
Pending existing home sales in June 2011 totaled 723, up 216 units, or 42.6%, from June 2010, following a 52.5% increase in May 2011. These increases are exaggerated by the significant declines experienced in the months following the April 2010 contract deadline for the federal stimulus money for first-time homebuyers, but are nonetheless a positive sign for the housing market.

Reflecting both lower mortgage interest rates and lower home prices, the monthly mortgage payment for a median-priced County home sold was 12.2% lower in June 2011 versus June 2010.

Mortgage interest rates (for 30-year conventional mortgages) in June 2011 were 4.51%, down 23 basis points from June 2010 when rates were 4.74%. Over this same period, the median price of an existing home sold in Baltimore County fell 9.8%, compared to a decrease of 5.8% for Maryland. The combination of lower 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 $1,039 in June 2011, 12.2% below the June 2010 level of $1,184 (principal and interest only).

Property-related transaction tax revenues fell 6.4% in FY 2010, followed by a decline of 11.9% in FY 2011. These revenues are expected to increase slightly in FY 2012.

Property-related transaction tax revenues (recordation and title transfer tax revenues) totaled $61.0 million in FY 2010, a decrease of 6.4% from FY 2009 collections and 56.2% lower than peak collection levels experienced in FY 2006. Based on preliminary data, FY 2011 property-related transaction tax revenues totaled $53.8 million, down 11.9% from FY 2010 levels, reflecting a continued decline in housing prices and subdued demand following the expiration of the first-time homebuyer tax credit. These revenues are expected to grow slightly in FY 2012 due to a recovery in sales volume, with a projected increase of 5.0%.



CONSTRUCTION

The total value of construction permits issued in 2011:Q1 decreased 43.0% from a year earlier, reflecting a 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 2011:Q1 totaled $139.2 million, $105.2 million, or 43.0%, below 2010:Q1. The 2011:Q1 permit valuation, which reflects significant uncertainty across construction sectors, follows a year-over-year decline of 51.9% in 2010:Q4. Residential construction is quite weak, falling 45.4% from 2010:Q1 to 2011:Q1. Meanwhile, non-residential construction suffered a decrease of $37.9 million, or 59.7%, following a 96.1% decrease in 2010:Q4. Five new non-residential construction permits valued at or above $1 million were issued in the County in 2011:Q1, including a shell office ($1 million) and shell retail building ($1 million), both in Reisterstown-Owings Mills; a Walgreen's drugstore in Towson-Loch Raven ($1.5 million); a new school for handicapped adults in Liberty-Lochearn ($20 million); and a Patient First medical facility in Security ($1 million).

Additions, alterations, and repairs activity in 2011:Q1 fell 33.7% from a year earlier to $84.3 million.

Additions, alterations, and repairs (AAR) activity in 2011:Q1 totaled $84.3 million, down $42.9 million, or 33.7%, from 2010:Q1 and 10.3% below the average of 1st quarter activity over the last 7 years. The total value of residential AAR permits rose 24.8% from 2010:Q1 to 2011:Q1, while the value of non-residential AAR permits fell 40.9% over the same period.

In 2011:Q1, the total number of new residential building permits fell 70.8% compared to a year earlier, while the dollar value of these permits fell 45.4%.

New residential building permit data show that the total number of permits issued in 2011:Q1 decreased by 70.8% from the number issued in 2010:Q1, following growth of 4.0% in 2010:Q4. Multi-family unit permits fell from 439 units to no units and single-family unit permits rose 38 units to 165 units. The total dollar value of the new residential building permits issued in 2011:Q1 fell $24.4 million, or 45.4%, to $29.3 million, following year-over-year increases in each of the last 5 quarters beginning in 2009:Q4. The decrease in permit values (due to no permits being issued for multi-family units) and the increase in the number of single-family unit permits represents the uncertainty of a very weak housing market. Additionally, the value of new residential building permits in 2011:Q1 remains well below the 7-year average of 1st quarter activity.

Construction employment represented 5.9% of County jobs in 2010:Q4 (the most recent data available).

Construction employment represented 5.9% of County jobs and had an average wage rate 19.2% above the County average in 2010:Q4 (the most recent data available). While the number of jobs available remains low by historic standards, construction activity continues to support high quality jobs.