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BALTIMORE COUNTY FISCAL DIGEST

GENERAL FUND REVENUES & THE ECONOMY

Baltimore County, Maryland

March 22, 2011

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March 30, 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 March 22, 2011. This report summarizes current economic conditions affecting the County and includes the same revised FY 2011 General Fund revenue estimate and preliminary FY 2012 General Fund revenue projection provided in the FY 2012 Spending Affordability Committee report.

Over the last month, FY 2011 General Fund revenues have come in as anticipated. Income tax collections remain on track to fall short of budget estimates by approximately $40 million, and recordation and title transfer taxes continue to under perform due to low home prices resulting from the high volume of foreclosures in the region. The State aid reductions implemented in FY 2010 (estimated at $39.7 million) are expected to continue in FY 2011 and FY 2012 as a result of the State's budgetary challenges.

At this point, the State's options for making additional reductions to the County's General Fund are limited. However, the possibility remains that the State will pass on additional costs to local jurisdictions – an action that cannot be portrayed in our revenue forecast but that nonetheless could have a significant impact on the County's General Fund. The Governor's FY 2012 budget bill shifts 90% of property assessment costs to local jurisdictions, a move which would cost the County $4.6 million, while the House version of the budget bill includes a 50% cost shift, at a $2.5 million cost to the County. In addition, while both the Governor's FY 2012 budget bill and the House version of the budget bill do not include any shift of teacher pension costs to local governments, the House plan does include a retirement administrative fee for local employers (boards of education, community colleges, and libraries) at an estimated total cost to the County of $2.0 million in FY 2012. Deliberations related to these and other budget issues are currently underway in the Senate.

There are also several pieces of pending legislation that would have a positive impact, albeit small, on County revenues. The House version of the FY 2012 budget bill includes a one-time payment of $13.2 million in highway user revenues to counties and municipalities, resulting in an additional $754,000 for the County. Two pending bills propose an increase to the State motor fuel tax rate of 10 cents per gallon in FY 2012, with differing methods of implementing further increases in subsequent years. A portion of this additional revenue would also augment local highway user revenues. Finally, legislation supported by the County Executive and County delegation that increases business and liquor license fees would raise an additional $1.2 million for the County in FY 2012.

On the economic side, the Baltimore County Economic Advisory Committee has expressed an optimistic outlook, noting that many sectors are showing signs of improvement. Employment is finally on the rise, with the County experiencing job gains for the first time in more than two years, and consumers are spending more due to increased confidence that the economy is finally recovering. Even the housing market is expected to pick up, with February pending home sales up 17.4% from a year earlier. These factors are expected to positively impact County revenue collections in FY 2012.

We will continue to monitor economic activity and revenue collections, particularly FY 2011 income tax distributions and State legislation that may impact current and future budgets. Our next update will include revised revenue projections for FY 2011 and FY 2012 and will coincide with our office's budget overview presentation to the Council, scheduled for April 26, 2011.

Respectfully submitted,

Lauren M. Smelkinson

Lauren M. Smelkinson, CPA
County Auditor

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

REVENUE HIGHLIGHTS

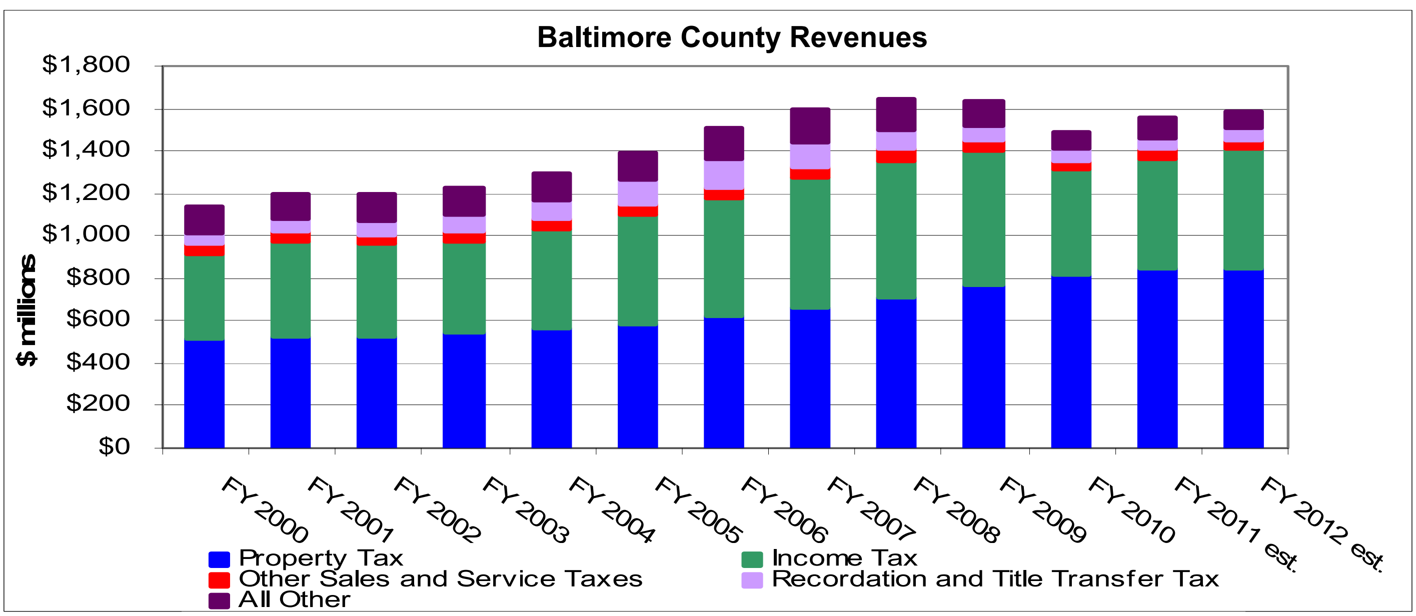
Unreserved, undesignated General Fund Balance (Surplus) as of June 30, 2010 totaled $109.2 million, or 7% of the FY 2011 General Fund budget. This amount does not include $9.4 million that was designated as a source of funding for the FY 2011 budget. In addition to the Surplus balance, the Revenue Stabilization 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 2011 County General Fund revenues through early March totaled approximately $1,217.2 million, approximately 6.1%, or $70.0 million, above collections over the same 8-month period the prior year. This increase is primarily due to year-to-date gains in property and income tax revenues of $31.2 million and $20.7 million, respectively, as well as the receipt of $10.5 million in bond premiums from the November 2010 bond sale and $5.1 million in FEMA reimbursement funds for a portion of the County's FY 2010 snowstorm costs. Despite recent increases in the number of homes sold in the County, property-related transaction tax revenues (i.e., title transfer and recordation tax revenues) fell by approximately 6.1% through early March due to the continued decline in housing prices.

FY 2011 General Fund revenues for the entire year are expected to total $1,554.9 million, which falls short of budget estimates by $35.8 million, or 2.3%. The projected revenue shortfall is primarily due to lower-than-anticipated income tax revenues resulting from the State reconciling an over distribution that occurred in FY 2010, the second consecutive year that such a reconciliation has been necessary. 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 increases in other minor revenue categories.

Despite the projected shortfall, FY 2011 revenue estimates reflect an increase of $65.5 million, or 4.4%, over FY 2010 collections. The projected 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 for the fifth consecutive year as a result of the slow transaction volume early in the fiscal year 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) are expected to continue in FY 2011.

FY 2012 General Fund revenues are projected to reach $1,583.8 million, an increase of $28.9 million, or 1.9%, over the FY 2011 revised estimate. The projected 1.9% 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 are expected to continue in FY 2012 due to the State's budgetary challenges.



REVENUE FORECAST & ECONOMIC OUTLOOK

A partial 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. 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%	$ 843.3	3.6%	$ 850.9	0.9%
Income Tax	495.7	-22.6%	521.4	5.2%	555.7	6.6%
Sales & Service Taxes	43.4	-8.4%	45.4	4.6%	46.1	1.5%
Recordation Tax	20.0	-9.5%	17.5	-12.5%	18.4	5.1%
Title Transfer Tax	41.0	-4.9%	34.4	-16.1%	36.1	4.9%
Investment Income	0.9	-81.3%	1.2	33.3%	2.0	66.7%
Intergovernmental	30.9	-56.1%	33.3	7.8%	31.4	-5.7%
All Other	43.4	3.9%	58.4	34.5%	43.2	-26.0%
Total Revenue	$ 1,489.4	-8.9%	$ 1,554.9	4.4%	$ 1,583.8	1.9%

The Baltimore County Economic Advisory Committee (BCEAC) expressed optimism with respect to the economic recovery for the first time at its January 2011 meeting, noting that many sectors were showing signs of improvement. The Committee observed that companies are beginning to hire; the manufacturing sector, which is often considered a leading indicator for the overall economy, has seen evidence of growth in orders in recent months; and the retail sector had a strong 2010 holiday season. On the residential real estate side, rising interest rates have caused a recent uptick in home sales, while prices remain low due to the large number of foreclosures on the market. 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 County's economic recovery. Members' near-term outlook for the local economy is cautiously optimistic due in part to the following factors:

- **Consumers appear more willing to spend,** an indication that they have increased confidence in the economic recovery. Consumer confidence is critical to a sustained recovery because the consumer generally accounts for over two-thirds of total economic activity. Shoppers came out in force for the holiday season, and many retailers exceeded sales volume expectations. It was noted that this could be a positive sign for the stagnant commercial real estate market.

- **The job market is beginning to turn around**, with the County experiencing year-over-year job gains for the first time in more than 2 years because companies are finally willing to hire. The unemployment rate is trending downward, though unemployment will remain high by historical standards for the foreseeable future. The education and healthcare and professional and business services sectors continue to be the primary sources of job gains nationally, and it was noted that gains in education and healthcare are particularly important for the County.

- **The residential real estate market has experienced an increase in the number of sales** in recent months, in part because the rise in mortgage interest rates is encouraging people who have been "on the fence" to finally make a purchase. Still, prices remain low, and in light of the high volume of foreclosures it was predicted that prices will be flat through the end of CY 2011. Due to the prolonged decline in the value of residential real estate transactions in the region, County property-related transaction tax revenues are expected to fall 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 has caught up with assessed values, and growth in property tax revenues is expected to slow significantly in FY 2012.

NATIONAL ECONOMIC INDICATORS

In 2010:Q4, the U.S. economy grew at an annualized rate of 2.8%.

Real U.S. Gross Domestic Product (GDP) in 2010:Q4 increased at an annualized rate of 2.8%. This quarter's performance represents a slight acceleration from the 2010:Q3 annualized increase of 2.6%. The major factor contributing to the growth in 2010:Q4 GDP was an acceleration in personal consumption growth from 2.4% to 4.1%, primarily driven by durable goods. This acceleration, however, is tempered by a dramatic deceleration in both private domestic investment (most notably nonresidential fixed investment which includes equipment) and imports, which contracted by 22.1% and 12.4%, respectively, in 2010:Q4. In addition, state and local government consumption and investment contracted by 2.4%. For all of 2010, real GDP grew by 2.8%, rebounding from a 2.6% contraction in 2009 (the first annual contraction since 1991). The 10-year average growth in GDP is 1.7%. The February 2011 release of the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters* projects real GDP growth of 3.2% for all of 2011, followed by growth of 3.1% in 2012. Economists project GDP growth for the next five quarters to be stable and more robust, largely due to expectations of falling 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 persistently weak labor market (9.1% unemployment projected for 2011) has collared U.S. economic growth. However, improving consumption and employment numbers bolster the optimism expressed by BCEAC members regarding the local economic outlook for 2011.

After a 2.6% contraction in 2009, the first annual contraction since 1991, and 2.8% growth in 2010, real GDP is expected to increase by 3.2% in 2011.

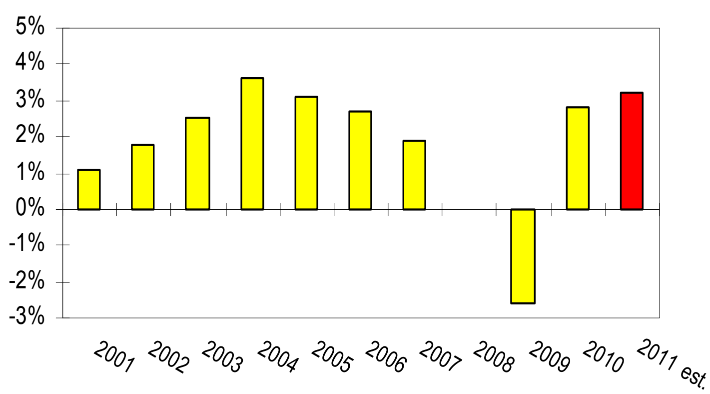
Real consumer spending grew at an annualized rate of 4.1% in 2010:Q4.

Real consumer spending, which accounts for roughly two-thirds of all U.S. economic activity, increased at an annualized rate of 4.1% during 2010:Q4 after increasing 2.4% in 2010:Q3. From 2010:Q3 to 2010:Q4, consumer spending on durable goods increased dramatically, accelerating from 7.6% to 21.0% and contributing to a 4-year high in U.S. factory orders in January. Over the same time period, growth in consumer spending on services decelerated from 1.6% to 1.4%, and on non-durable goods accelerated from 2.5% to 4.8%. Members of the BCEAC were encouraged by higher-than-anticipated holiday spending.

Consumer confidence continued to increase in February 2011, reaching a 3-year high.

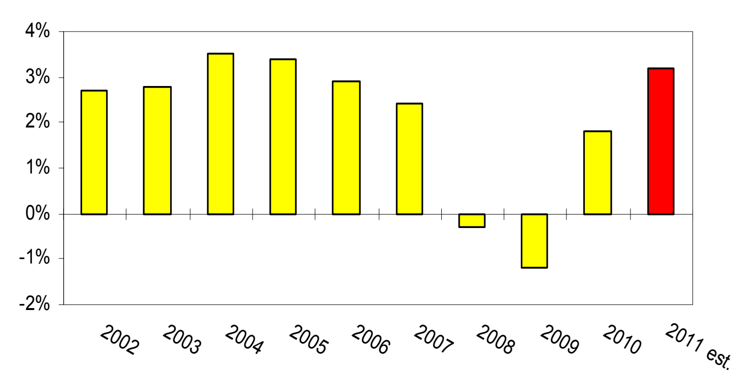
Consumer confidence, based on a survey of 5,000 U.S. households by The Conference Board (a well-known economic research organization), after increasing in January, continued growing in February 2011 and reached a 3-year high. The Conference Board noted that the growth in confidence is "due to growing optimism about the short-term future." While the Board reports increasingly positive consumer expectations regarding the economy and personal income, consumers "feel somewhat mixed about employment conditions" and see little improvement in business conditions over the short-term.

Real GDP: Annual % Change



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

Real Consumer Spending: Annual % Change



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

The Federal Reserve's Federal Open Market Committee (FOMC) held interest rate targets between 0% and 0.25% at its March 15, 2011 meeting.

Interest rate targets were maintained between 0% and 0.25% at the March 15, 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 January suggests that the economic recovery is more stable than in past months, citing continued expansion in household spending and business investment in equipment and software. However, while "overall conditions in the labor market appear to be improving gradually," weak growth persists in nonresidential structures investment and the housing sector. Therefore, to invite a stronger pace of economic recovery, the FOMC announced that it would maintain its existing policy to purchase $600 billion in long-term treasury securities by 2011:Q2, in addition to the $18 billion in treasury securities the FOMC has already purchased by reinvesting principal payments from its securities holdings. The FOMC notes that while commodity prices have risen significantly in recent weeks, largely due to concerns about crude oil supplies, long-term inflation expectations have remained stable due to elevated unemployment rates and low rates of resource utilization.

The threat of inflation is minimal due to persistently high unemployment and low resource utilization.

INTEREST RATE CHANGE FROM FEBRUARY 2010 TO FEBRUARY 2011

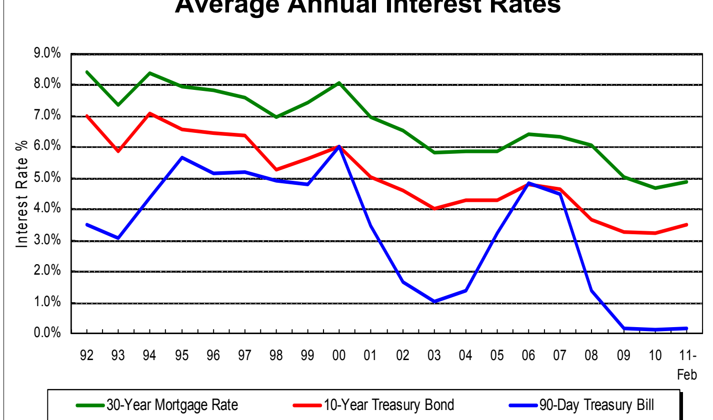
	Basis Points*
90-Day Treasury Bills	2
10-Year Treasury Bonds	-11
30-Year Conventional Mortgage	-4

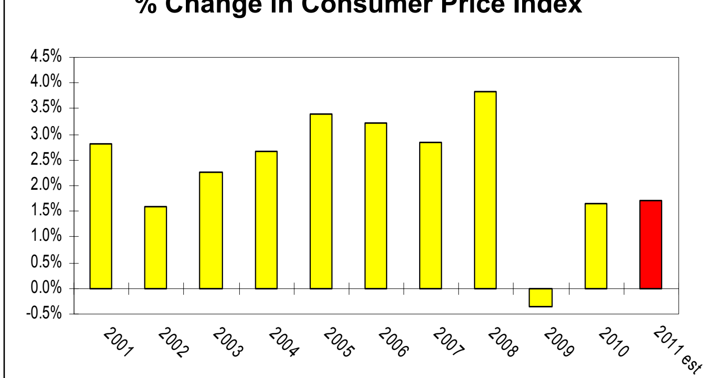
* A basis point is equal to .01 percentage point.

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

From February 2010 to February 2011, consumer inflation was 2.1%. Inflation is forecast at 1.7% and 2.0% for CY 2011 and CY 2012, respectively.

Inflation, as measured by the Consumer Price Index-All Urban Consumers (CPI-U), was 2.1% over the February 2010 to February 2011 period, with crude oil prices spiking. Year-over-year inflation growth has been climbing over the last 3 months after hovering around 1.1% since June 2010. Core inflation (which excludes food and energy inflation) was 1.1% over the February 2010 to February 2011 period, 4 months after hitting a 39-year low of 0.6% in October 2010. 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 1.7%, followed by 2.0% for CY 2012, according to the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters*, February 2011. The *Survey* projects that annual inflation will average 2.3% over the 2011 to 2020 period.





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

LOCAL ECONOMIC PERSPECTIVE

EMPLOYMENT

The employment level in the County has been slowly recovering.

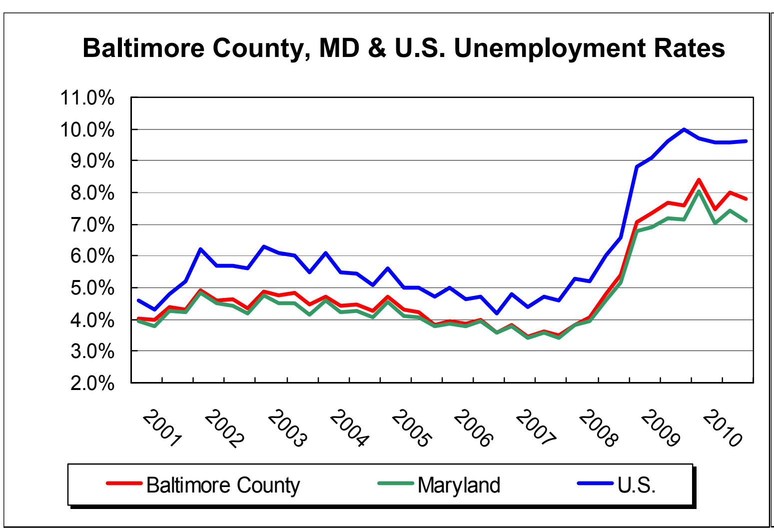
Employment, as measured by place of residence, has been increasing slowly in recent months for both Baltimore County and Maryland. Over the January 2010 to January 2011 period, Baltimore County residential employment increased by 2,038 persons, or 0.5%, while Maryland residential employment increased by 28,777 persons, or 1.1%. Year-over-year employment in Baltimore County had declined for 27 consecutive months through September 2010, after which the December 2010 gain of 0.8% marked the highest employment growth since April 2008. The employment decrease in Baltimore County contributed to the decline in County income tax collections in FY 2010, and this recovery should add to the rebound in FY 2011.

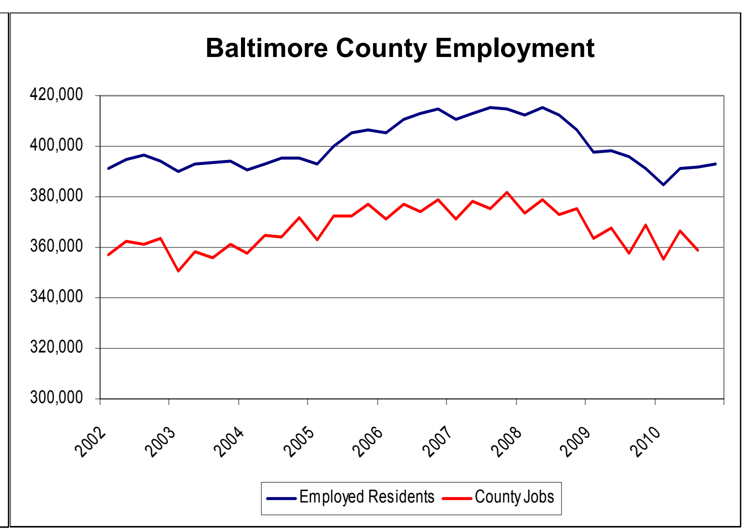
The number of County jobs increased by 0.3% over the 2009:Q3 to 2010:Q3 period, while County employer payrolls grew 3.9%. In CY 2011, the County is forecast to add 5,900 jobs.

County jobs data show that from 2009:Q3 to 2010:Q3, the number of jobs in the County and Maryland increased by 0.3% and 0.5%, respectively, while payrolls grew 3.9% in Baltimore County and 3.1% at the State level. Over this same period, Baltimore County employers added 1,000 positions to payrolls. Nationally, non-farm payrolls increased by 0.7 million jobs, or 0.5%, from 2009:Q4 to 2010:Q4. National payroll numbers increased by an average of 78,300 jobs per month during CY 2010, an increase partially driven by the spring hiring of temporary census workers. While the nation lost 329,000 jobs between May 2010 and September 2010, employment rebounded in 2010:Q4, and preliminary estimates show 63,000 and 192,000 job gains nationally in January 2011 and February 2011, respectively. The most recent employment forecast from Sage Policy Group, Inc. (the Spending Affordability Committee's economic consultant) predicts job gains of approximately 5,900 and 40,000 in the County and Maryland, respectively, in CY 2011.

The County's January unemployment rate was 8.2%, which is higher than the State unemployment rate but below the national rate.

The unemployment rate among County residents was 8.2% in January 2011, down from 8.6% a year earlier and higher than the current State rate of 7.5%. The County is experiencing year-over-year job gains for the first time in more than 2 years. Within the entire Baltimore-Towson Metropolitan Statistical Area (MSA), the unemployment rate in January 2011 was 7.9%. The MSA unemployment rate is strongly influenced by Baltimore City's unemployment rate, which stood at 10.9% in January. Excluding Baltimore City, the January 2011 MSA unemployment rate was 7.2%. Nationally, the seasonally adjusted unemployment rate was 8.9% in February 2011, down from 9.1% in February 2010 and a significant departure from the unemployment rate high of 10.1% reached in October 2009. BCEAC members noted that the unemployment rate has stabilized and is expected to recover as consumer spending and employer payrolls continue to expand.





PERSONAL INCOME

The Spending Affordability Committee's economic consultant currently projects that County personal income growth will be 2.71% in FY 2011 and 3.13% in FY 2012.

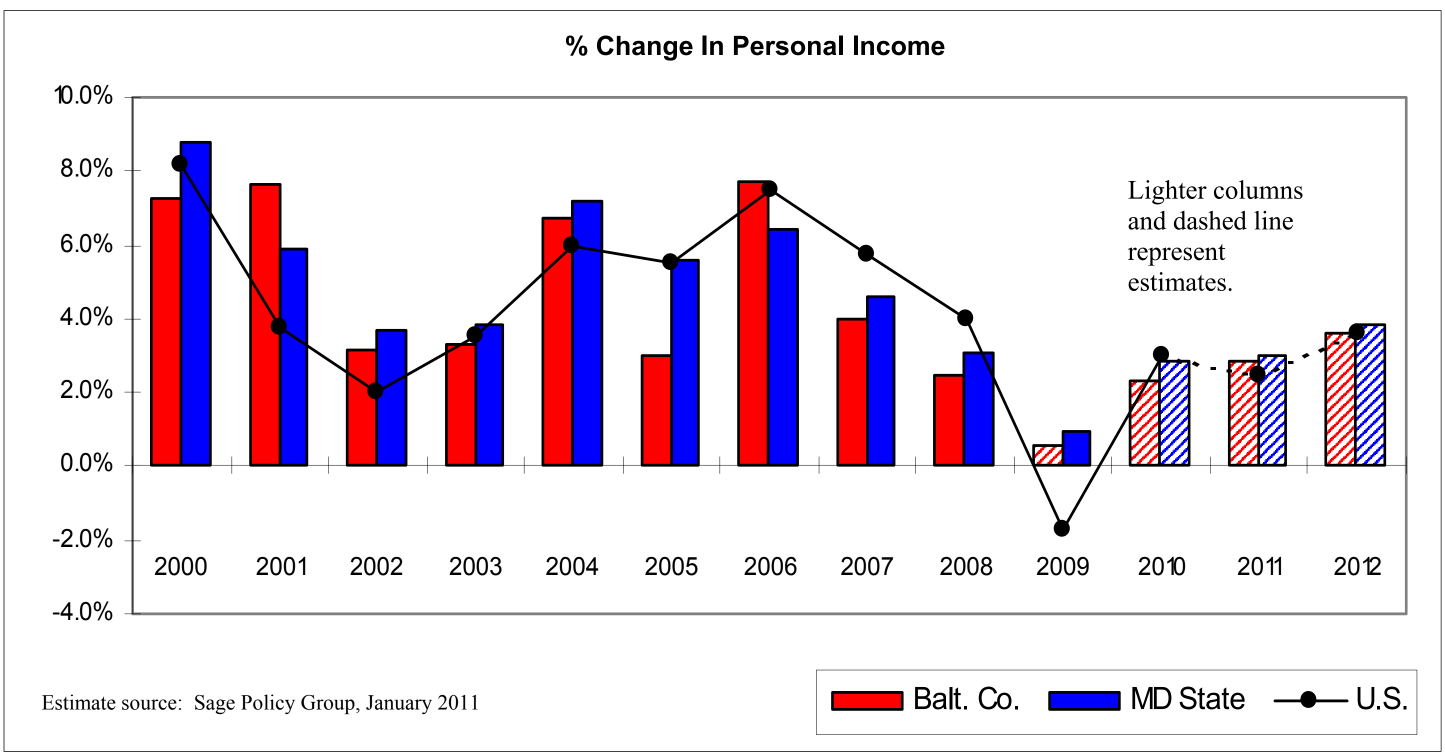
Sage Policy Group, Inc. (Sage), the Spending Affordability Committee's economic consultant, predicts in its January 2011 forecast that Baltimore County's personal income (PI) will increase by 2.71% and 3.13% in FY 2011 and FY 2012, respectively. This forecast represents a substantial improvement from the 1.14% growth experienced in FY 2010. Maryland's PI is forecast to increase by 3.05% and 3.33% in FY 2011 and FY 2012, respectively, also significantly higher than its 1.5% growth in FY 2010. Longer-term, PI in Baltimore County is expected to grow by 4.14% in FY 2013, which, while demonstrating continued improvement, is still far from the 7.65% growth achieved in FY 2007. In comparison, PI in the State is expected to grow by 4.36% in FY 2013, which is also less than FY 2007 growth of 5.56%.

Personal income growth is likely to accelerate in the near term, given improvements in employment and consumption.

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 that PI increased by 0.8% from 2010:Q2 to 2010:Q3, while PI in the U.S. increased by 0.6%. (County data are reported annually.) Given the recovering nature of the national, state, and local economies, PI growth is likely to accelerate in the near term. Nationally, in 2010:Q4, wages and salaries comprised 51.1% of PI. Government transfer payments (18.0% of PI) have seen increases since 2010:Q1 in old-age/disability/health insurance benefits and veterans benefits of 3.5% and 10.7%, respectively, while unemployment benefits have decreased 12.6% 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 January 2011 forecasts of annual County PI growth for FY 2013 and FY 2014 are 4.14% and 4.80%, respectively. Based on these forecasts and the estimated growth in prior years, the projected maximum spending growth recommendation would be 2.55% for FY 2013 and 3.18% for FY 2014.



EXISTING HOME SALES

In February 2011, the number of existing Baltimore County homes sold decreased by 7.8% from a year earlier.

Existing home sales in Baltimore County totaled 6,660 units in FY 2010, 19.0% above FY 2009 levels 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 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 number of homes sold in the County rose in December 2010 and January 2011 for the first time since June 2010, the number of homes sold in February 2011 fell 7.8% from a year earlier to 319 units. Prices remain low, with the median price of an existing home sold in the County totaling $203,000 in February 2011, down 5.6% from February 2010. Meanwhile, the active inventory in February 2011 rose by 10.9% from February 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 while the number of homes sold rises.

The median price of existing homes sold in Baltimore County fell 5.6% between February 2010 and February 2011.

February 2011 pending existing home sales were up 17.4% compared to a year earlier.

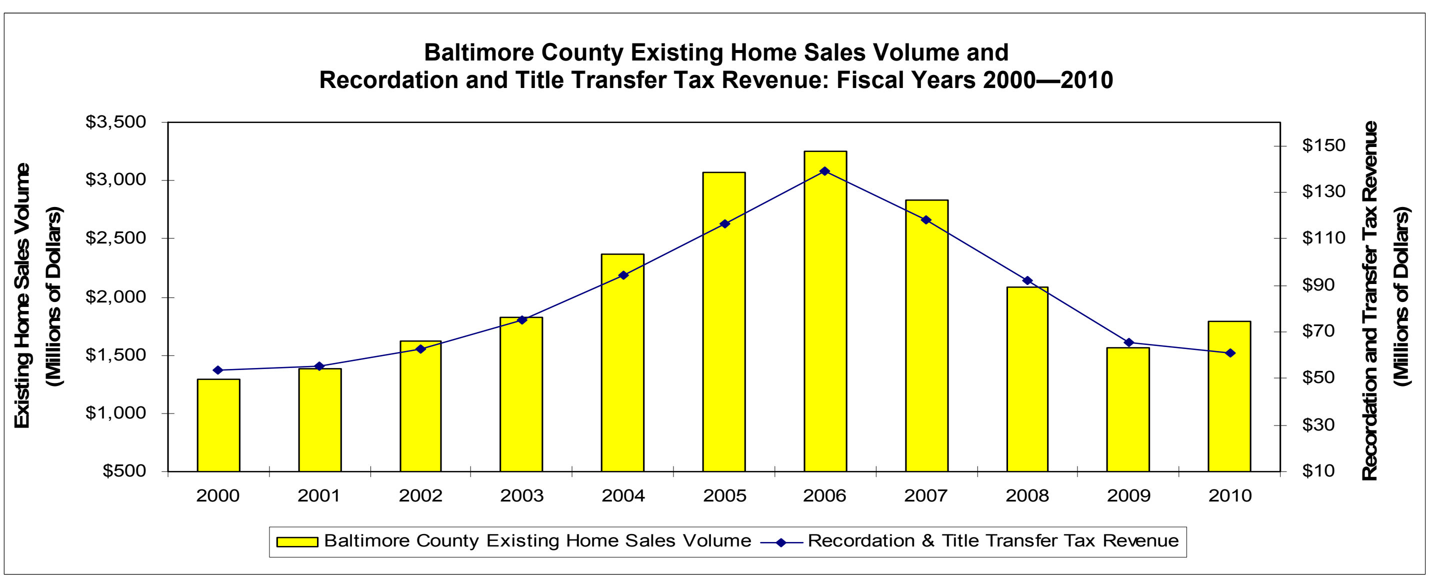
Pending existing home sales in February 2011 totaled 526, up 78 units, or 17.4%, from February 2010, following a 14.5% increase in January 2011. These increases are a positive sign for the housing market, as pending home sales recover from the significant declines experienced in the 6 months following the April 2010 contract deadline for the federal stimulus money for first-time homebuyers.

Reflecting flat mortgage interest rates and lower home prices, the monthly mortgage payment for a median-priced County home sold was 6.0% lower in February 2011 versus February 2010.

Mortgage interest rates (for 30-year conventional mortgages) in February 2011 were 4.95%, nearly identical to the 4.99% rates seen in February 2010. Over this same period, the median price of an existing home sold in Baltimore County fell 5.6%, compared to a decrease of 11.7% for Maryland. The combination of lower home prices and flat 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 $1,084 in February 2011, 6.0% below the February 2010 level of $1,153 (principal and interest only).

Property-related transaction tax revenues fell 6.4% in FY 2010. These revenues are expected to continue to decline in FY 2011, followed by a slight increase 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. FY 2011 property-related transaction tax revenues are expected to total $51.9 million, down 14.9% 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 in FY 2012 due to a recovery in sales volume, with a projected increase of 5%.



CONSTRUCTION

The total value of construction permits issued in 2010:Q4 decreased 51.9% 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 2010:Q4 totaled $125.1 million, $135.2 million, or 51.9%, below 2009:Q4. The 2010:Q4 permit valuation, which reflects significant uncertainty across construction sectors, follows a year-over-year decline of 8.0% in 2010:Q3. Residential construction is showing signs of improvement, growing 28.3% from 2009:Q4 to 2010:Q4. However, non-residential construction suffered a decrease of $47.5 million, or 96.1%, following a $34.3 million decrease in 2009:Q4. One indicator of the dramatic fall-off in non-residential construction is that there were no projects valued at or above $1 million in 2010:Q4. Three new non-residential construction permits valued at or above $300,000 were issued in the County in 2010:Q4: $700,000 for a new bank with drive-thru in Cockeysville-Timonium, and $300,000 for both a new carry-out restaurant with drive-thru in Towson-Loch Raven and a new shell warehouse building in Edgemere.

Additions, alterations, and repairs activity in 2010:Q4 fell 55.6% from a year earlier to $77.8 million.

Additions, alterations, and repairs (AAR) activity in 2010:Q4 totaled $77.8 million, down $97.6 million, or 55.6%, from 2009:Q4 and 38.4% below the average of 4th quarter activity over the last 7 years. The total value of residential AAR permits fell 5.8% from 2009:Q4 to 2010:Q4, while the value of non-residential AAR permits fell 62.8% over the same period.

In 2010:Q4, the total number of new residential building permits rose 4.0% compared to a year earlier, while the dollar value of these permits rose 28.3%.

New residential building permit data show that the total number of permits issued in 2010:Q4 increased by 4.0% from the number issued in 2009:Q4, following growth of 38.5% in 2010:Q3. Multi-family unit permits fell 68 units to 64 units and single-family unit permits rose 78 units to 198 units. The total dollar value of the new residential building permits issued in 2010:Q4 rose $10.0 million, or 28.3%, to $45.3 million, following increases in each of the last four quarters. This increase represents the first time since 2006:Q2 that the County has seen five consecutive quarters of year-over-year increases in residential building permit values. The increase in both permit values and the number of single-family units presents the possibility of a recovering housing market. Still, the value of new residential building permits in 2010:Q4 remains well below the 7-year average of 4th quarter activity.

Construction employment represented 6.1% of County jobs in 2010:Q3 (the most recent data available).

Construction employment represented 6.1% of County jobs and had an average wage rate 16.8% above the County average in 2010:Q3 (the most recent data available). While the number of jobs available remains low by historic standards, construction activity continues to support high quality jobs.