Table of Contents

Office of the County Auditor

Lauren M. Smelkinson, CPA
County Auditor

Elizabeth J. Irwin
Deputy County Auditor
Director, Fiscal and Policy Analysis

Robert F. Sandlass, Jr.
Supervisor, Fiscal and Policy Analysis

Marie B. Jeng
Senior Fiscal & Policy Analyst

Carrie B. Vivian
Senior Fiscal & Policy Analyst

Michael R. Walther
Fiscal & Policy Analyst

BALTIMORE COUNTY FISCAL DIGEST

GENERAL FUND REVENUES & THE ECONOMY

Baltimore County, Maryland

November 28, 2012

LAUREN M. SMELKINSON, CPA
COUNTY AUDITOR

BALTIMORE COUNTY, MARYLAND
OFFICE OF THE COUNTY AUDITOR

ELIZABETH J. IRWIN
DEPUTY COUNTY AUDITOR

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

December 7, 2012

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 November 28, 2012. This report summarizes current economic conditions affecting the County and includes final (unaudited) FY 2012 General Fund revenues and a revised FY 2013 General Fund revenue projection.

FY 2012 revenues totaled approximately $1,630.4 million, an increase of $82.5 million, or 5.3%, over FY 2011 revenues. These collections reflect an increase of $87.2 million, or 5.6%, from the original budget estimate. The increased revenue was primarily driven by higher-than-anticipated income tax revenue, a result of both economic growth and fluctuations in filing behavior. Higher property-related transaction tax revenues, driven by an increase in the number of homes sold in the County, were also a significant factor in revenue growth.

In FY 2013, General Fund revenue is expected to reach $1,671.0 million, an increase of $40.6 million, or 2.5% over the prior year, which is $63.1 million, or 3.9%, above the current year budgeted revenue. As in FY 2012, the primary drivers are income tax and property-related transaction tax revenues. This additional revenue should allow the County to meet its FY 2013 budget with current year revenues without drawing on surplus funds. By June 30, 2013, the Unassigned General Fund Balance (Surplus) is projected to be $208.2 million, an increase of $62.9 million over the (unaudited) June 30, 2012 balance of $145.3 million.

The moderately optimistic revenue forecast is supported by a wide range of improving economic statistics, including increased employment, consumer confidence, personal income and home sales; a continuation of record low interest rates and modest inflation; and a declining unemployment rate. It does not, however, account for the effect of tax increases and spending cuts that could occur at the federal level under the "fiscal cliff" scenario. It is widely believed that such actions would likely push Maryland into recession. While the impact to Baltimore County is not known, the State's Department of Legislative Services estimates that more than 60,000 jobs could be lost statewide and State income and sales tax revenues could drop by more than 5%.

Concern over the "fiscal cliff," as well as a general sense of pessimism, was expressed by the Baltimore County Economic Advisory Committee at its October 15, 2012 meeting. Much of the conversation focused on the recent closing of the Sparrows Point steel mill, and the accompanying loss of approximately 3,000 jobs. The Committee also voiced concern about the lack of new commercial development, the depressing effect that new banking regulations were having on lending, and the disconnect in the labor market between high numbers of unemployed workers and the skills and training that are in demand in the workforce. The consensus of the Committee was that the economy is worse than the statistics imply.

We will continue to monitor economic activity and revenue collections, as well as the federal budget deliberations. Our next update will include a preliminary revenue forecast for FY 2014 and will coincide with the Spending Affordability Committee's annual report.

Respectfully submitted,

Lauren M. Smelkinson

Lauren M. Smelkinson, CPA
County Auditor

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

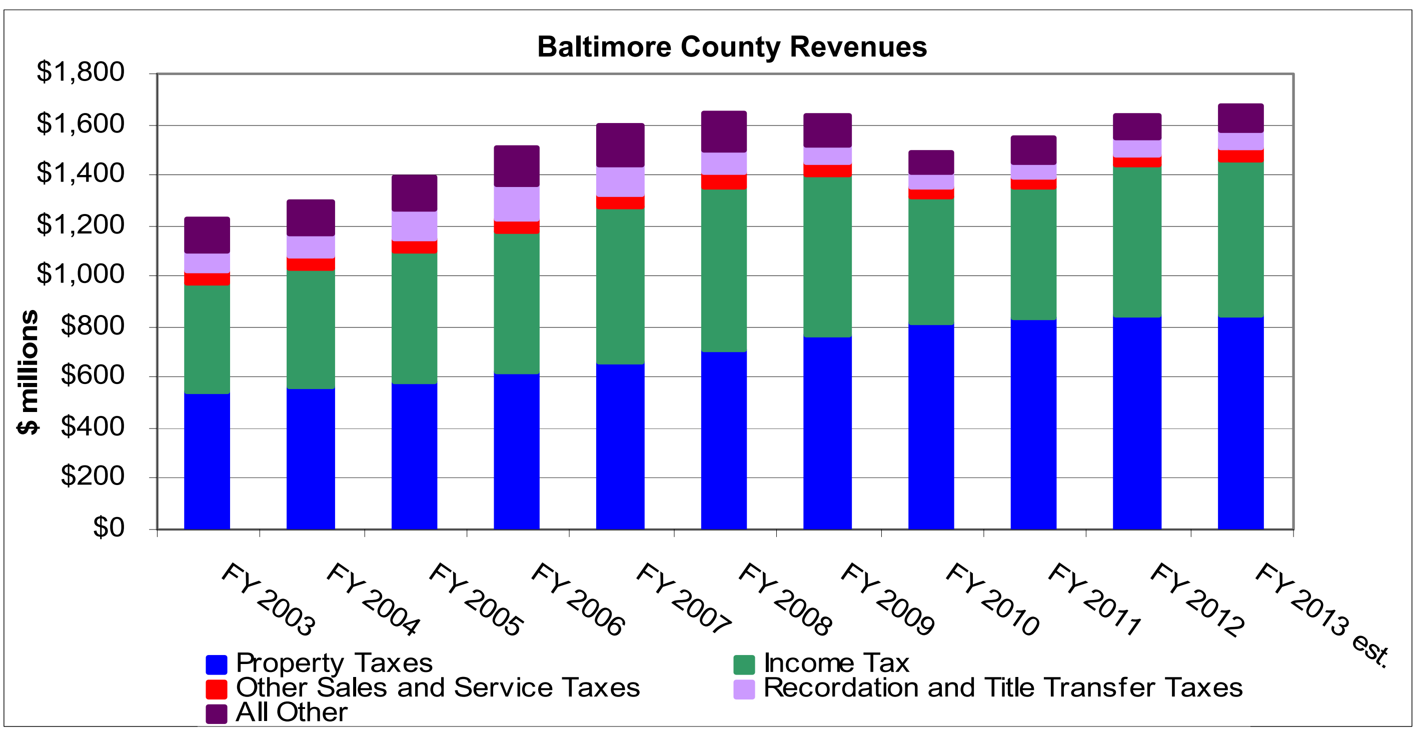
REVENUE HIGHLIGHTS

Unassigned General Fund Balance (Surplus) as of June 30, 2012 totaled $145.3 million, or 8.8% of the FY 2013 General Fund budget, based on the most recent unaudited financial records. This amount does not include $40.6 million that was assigned as a source of funding for the FY 2013 budget. In addition to the Surplus balance, the Revenue Stabilization Reserve Account (Rainy Day account) balance totaled $84.8 million as of June 30, 2012. The Surplus balance and Rainy Day amounts together totaled $230.1 million, or 14.0% of the FY 2013 General Fund budget.

FY 2012 County General Fund revenues totaled approximately $1,630.4 million, based on the most recent unaudited financial records. This amount represents an increase of $82.5 million, or 5.3%, over FY 2011 collections and an increase of $87.2 million, or 5.6%, over FY 2012 budgeted revenues. The revenue increase was primarily due to higher-than-anticipated income tax revenues, which were the result of strong final payments and a decline in refunds at the State level for tax year 2010. FY 2012 income tax collections increased by $78.5 million, or 15.3%, over FY 2011 collections. In addition, recent increases in the number of homes sold in the County caused FY 2012 property-related transaction tax revenues (i.e., title transfer and recordation tax revenues) to grow by $9.9 million, or 18.4%.

FY 2012 General Fund revenues were also influenced by a significant slowdown in property tax revenue growth resulting from the fact that the annual 4% growth limit pursuant to the local Homestead Property Tax Credit Program has caught up with declining assessed values. This subdued growth creates a challenge for the County because property tax revenues are the County's largest revenue stream; in recent years these revenues have comprised more than 50% of the County's General Fund budget. In addition, State aid, which has been reduced significantly in recent years, totaled $24.5 million in FY 2012, down from $68.5 million in FY 2009.

FY 2013 General Fund revenues are projected to reach $1,671.0 million, an increase of $40.6 million, or 2.5%, from FY 2012 revenue totals and up $63.1 million, or 3.9%, over budgeted FY 2013 revenues. The projected 2.5% revenue increase in FY 2013, which represents the third consecutive annual increase, primarily reflects anticipated growth in income tax revenues resulting from the continued slow but steady economic recovery in the County. This forecast is based on current federal fiscal policy and does not take into account possible federal tax increases and/or spending cuts that could occur under the looming "fiscal cliff" scenario. In addition, year-to-date property-related transaction tax collections have shown considerable gains, and this trend is expected to continue based on the expectation that the housing market has hit bottom and sales volume will continue to recover for the remainder of FY 2013. Growth in property tax revenues is expected to continue to slow due to falling assessment values, with anticipated growth of just 0.5% in FY 2013. The State aid reductions enacted in recent years will continue in FY 2013 due to the State's budgetary challenges; however, the County General Fund will receive an additional $3 million in State aid intended to partially offset the teacher retirement costs that were passed on to local jurisdictions beginning in FY 2013.



REVENUE FORECAST & ECONOMIC OUTLOOK

FY 2012 General Fund revenue growth represents a strong rebound from the pronounced decline in FY 2010. FY 2013 revenues are expected to continue to grow, albeit more slowly, due to continued rebounds in the employment and housing markets.

($ Millions) Revenue Source	Actual FY 2011	FY10-11 Change	Actual FY 2012	FY11-12 Change	Est. FY 2013	FY12-13 Change
Property Taxes	$ 837.1	2.8%	$ 845.2	1.0%	$ 849.3	0.5%
Income Tax	514.7	3.8%	593.2	15.3%	610.6	2.9%
Sales & Service Taxes	43.1	-0.7%	43.3	0.5%	43.4	0.2%
Recordation Tax	18.3	-8.5%	20.4	11.5%	29.7	45.6%
Title Transfer Tax	35.7	-12.9%	43.5	21.8%	47.9	10.1%
Intergovernmental	34.2	10.7%	31.5	-7.9%	38.6	22.5%
All Other	64.8	46.2%	53.3	-17.7%	51.5	-3.4%
Total Revenue	$ 1,547.9	3.9%	$ 1,630.4	5.3%	$ 1,671.0	2.5%

The Baltimore County Economic Advisory Committee (BCEAC) expressed concern with respect to the local economic recovery at its October 2012 meeting, noting that some sectors are performing well while others appear to have stalled. The Committee observed that the local residential real estate market is showing signs of stabilizing, and the hiring of temporary workers has increased. On the other hand, the County and the State continue to underperform the nation in job growth, the Baltimore-area commercial real estate market is seeing no major development, and local businesses continue to hold back on expansion plans due to uncertainties regarding both the economic climate and the federal fiscal policy outlook. To compound these challenges, the County must deal with the loss of approximately 3,000 jobs, or nearly 1% of the County's workforce, due to the closing of the Sparrows Point steel mill. In addition, the anticipated reductions to federal government spending beginning in 2013 could significantly impact the region. Members' cautious near-term outlook is also due to the following factors:

- **Recent banking activity indicates that companies remain hesitant to expand or take on additional debt,** despite the fact that banks are more than ready to make commercial and industrial loans. Many companies are in a period of waiting for increased demand and are hoping that consumer confidence increases in the coming months. In addition, there is concern that new banking regulations could result in some banks withdrawing certain products and services from their offerings.

- **The number of unemployed workers remains high,** and there continues to be a mismatch between new job opportunities and the skills of people who are looking for work. Companies that are hiring are often looking for a perfect skills match before they will fill a position, which can be frustrating for job seekers. To compound these challenges, federal funding for workforce development programs is expected to be cut in the coming months. In addition, more companies are relying on temporary workers to meet their labor needs because this model allows for more flexibility and is less costly than hiring permanent staff.

- **Local residential real estate prices are showing signs of stabilizing** due to a decline in inventory levels that has resulted from year-over-year increases in home sales in recent months. Pending home sales are also seeing significant increases; however, it was noted that since a large number of short sales fall through, many pending contracts will not make it to closing. Due to the increased number of residential real estate transactions in the region, County property-related transaction tax revenues grew in FY 2012 for the first time since FY 2006, and this trend is expected to continue in FY 2013. Property tax revenues have reacted more slowly to the recent real estate market decline 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 falling assessed values, and growth in property tax revenues is slowing significantly in FY 2012 and FY 2013.

NATIONAL ECONOMIC INDICATORS

In 2012:Q3, the U.S. economy grew at an annualized rate of 2.0%.

Real U.S. Gross Domestic Product (GDP) in 2012:Q3 increased at an annualized rate of 2.0%. This quarter's performance represents a modest acceleration from the 2012:Q2 annualized increase of 1.3% The major factor contributing to the increase in 2012:Q3 was an increase in consumer spending on durable and non-durable goods, which grew by 4.4% compared to 0.3% in 2012:Q2. This acceleration is further driven by an increase in federal government spending of 9.6%, primarily in national defense. In addition, growth in residential investment has continued to accelerate, an increase of 14.4% in 2012:Q3 following increases of 8.5% and 20.5% in 2012:Q2 and 2012:Q1, respectively. However, growth remains slow by historical standards primarily due to contractions in nonresidential building investments and exports, which had annualized decreases of 4.4% and 1.6%, respectively. For all of 2011, real GDP grew by 1.8%, a deceleration from the 2.4% growth experienced in 2010 but slightly higher than the 10-year average growth of 1.6%. The November 2012 release of the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters* projected real GDP growth of 2.2% for all of 2012, unchanged from the August 2012 forecast, followed by a slight downtick from 2.1% to 2.0% growth for 2013. Economists project GDP growth for the next five quarters to be tepid. Despite some positive signs and the fact that the recession concluded in June 2009, as defined by the National Bureau of Economic Research, a persistently weak labor market continues to collar U.S. economic growth.

After growing by 1.8% in 2011, real GDP growth is expected to remain tepid in 2012 and 2013.

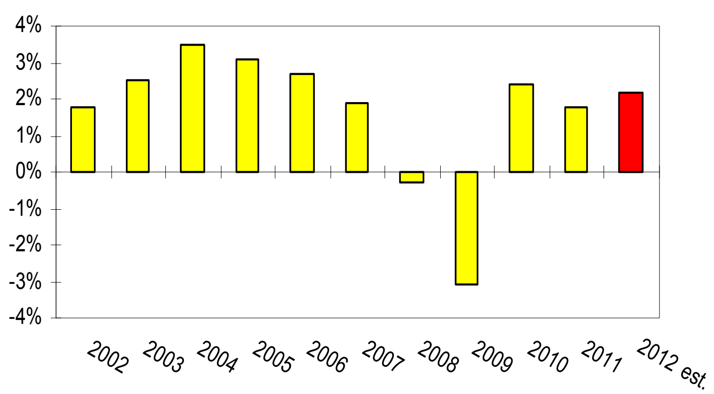
Real consumer spending grew at an annualized rate of 2.0% in 2012:Q3.

Real consumer spending, which accounts for roughly two-thirds of all U.S. economic activity, increased at an annualized rate of 2.0% during 2012:Q3 following an increase of 1.5% in 2012:Q2. From 2012:Q2 to 2012:Q3, consumer spending on durable goods increased dramatically, accelerating from a 0.2% contraction to 8.5% growth. Over the same period, growth in consumer spending on non-durable goods moderately increased from 0.6% to 2.4%, while growth in services decelerated from 2.1% to 0.8%.

Consumer confidence is at its highest level since February 2008.

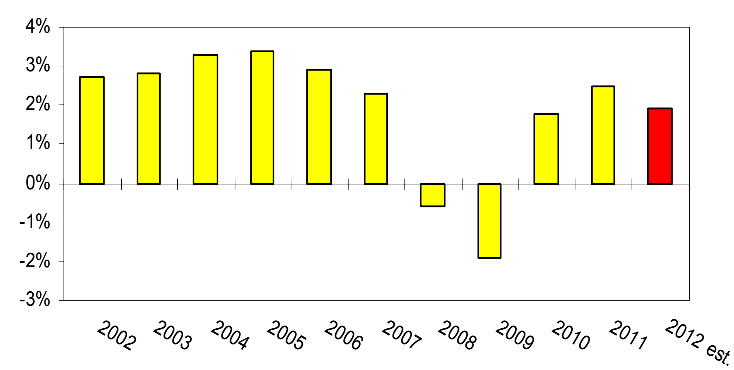
Consumer confidence, based on a survey of 5,000 U.S. households by The Conference Board (a well-known economic research organization)**,** increased modestly in November following an increase in October. The Conference Board noted that consumer confidence is now at its highest level since February 2008. The Board also reports that, "This month's moderate improvement was the result of an uptick in expectations, while consumers' assessment of present-day conditions continues to hold steady." Additionally, the Board noted "consumers have grown increasingly more upbeat about the current and expected state of the job market." This optimism should bode well for near-future real consumer spending heading into the holiday season.

Real GDP: Annual % Change



Estimate Source: *Survey of Professional Forecasters*, November 2012

Real Consumer Spending: Annual % Change



Estimate Source: *Survey of Professional Forecasters*, November 2012

The Federal Reserve's Federal Open Market Committee (FOMC) held interest rate targets between 0% and 0.25% at its October 24, 2012 meeting.

The FOMC expects long-term inflation expectations to remain stable, and advises that "sufficient monetary policy accommodation" might be necessary in order to improve labor market conditions.

Interest rate targets were maintained between 0% and 0.25% at the October 24, 2012 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, and will likely remain in place through mid-2015. The FOMC believes information received since its previous meeting in September suggests that the economy has continued to "expand at a moderate pace," with further advancement in household spending, but slowed growth in business investment. The housing sector continued to improve, but growth in employment continues to be slow and the unemployment rate remains elevated. Additionally, strains in global financial markets continue to persist and to pose significant downside risks to the national economy. The FOMC advised that "without sufficient monetary policy accommodation, economic growth might not be strong enough to generate sustained improvement in labor market conditions." Long-term inflation expectations remain stable, while short-term inflation has slightly increased due to increased energy prices.

INTEREST RATE CHANGE FROM OCTOBER 2011 TO OCTOBER 2012

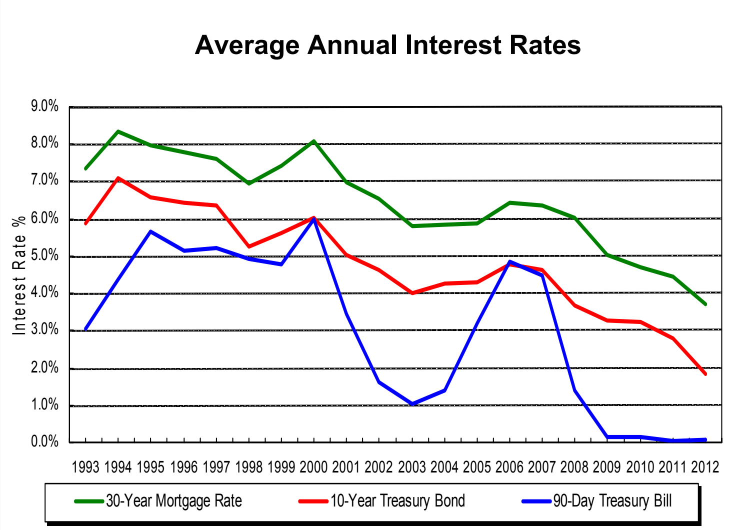
	Basis Points*
90-Day Treasury Bills	8
10-Year Treasury Bonds	-40
30-Year Conventional Mortgage	-69

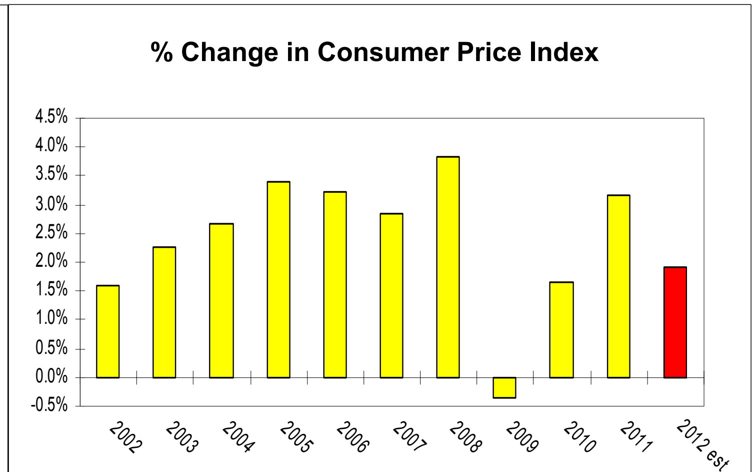
* A basis point is equal to .01 percentage point.

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 a subdued inflation outlook, will likely warrant exceptionally low levels for the federal funds rate at least through mid-2015.

From October 2011 to October 2012, consumer inflation was 2.2%. Inflation is forecast at 1.9% and 2.2% for CY 2012 and CY 2013, respectively.

Inflation, as measured by the Consumer Price Index-All Urban Consumers (CPI-U), was 2.2% over the October 2011 to October 2012 period. Year-over-year consumer price growth has recently begun to moderately increase from a recent low of 1.4% in July 2012. Recent price growth is largely driven by an increase in apparel costs. Core inflation (which excludes food and energy inflation) was 2.0% over the October 2011 to October 2012 period. For CY 2011 the CPI-U increased by 3.2%, following an increase of 1.6% in CY 2010. The current year-over-year inflation CPI-U forecast for CY 2012 is 1.9%, followed by 2.2% for CY 2013, according to the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters*, November 2012. The *Survey* projects that annual inflation will average 2.3% over the 2012 to 2021 period.





Estimate Source: *Survey of Professional Forecasters*, May 2012

LOCAL ECONOMIC PERSPECTIVE

EMPLOYMENT

County employment is nearing pre-recession levels. Employment growth, however, continues to lag.

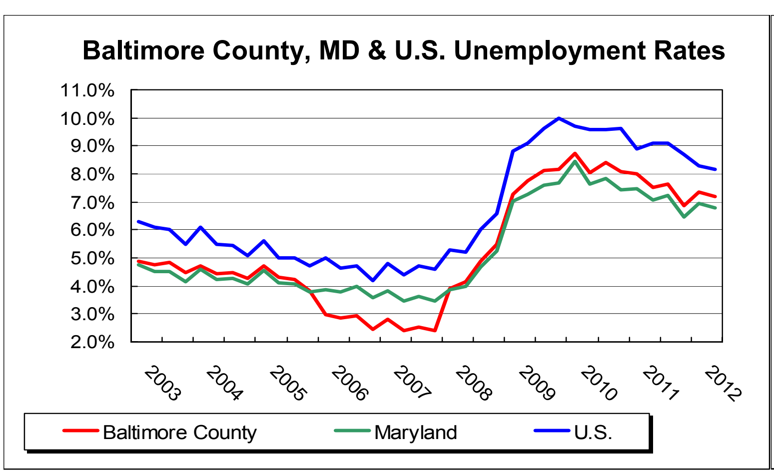
Employment, as measured by place of residence, has been slowly increasing on a year-over-year basis in both Baltimore County and Maryland. Over the October 2011 to October 2012 period, Baltimore County residential employment increased by 5,803 persons, while Maryland residential employment increased by 40,675 persons, both increases of 1.4%. October 2012 marked the 32nd consecutive month of employment gains in Baltimore County. County employment is nearing pre-recession levels, however, employment growth continues to lag. Additional employment growth is needed to address the stubborn problem of the long-term unemployed, those jobless for 27 weeks or more, whose numbers are little changed despite overall increases in employment.

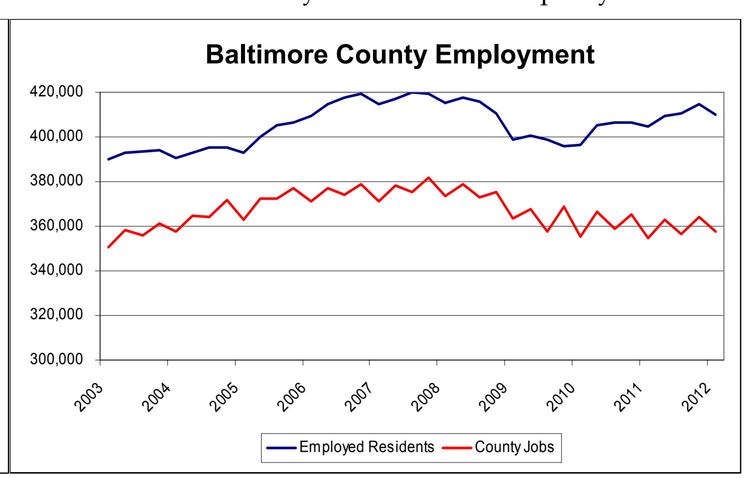
The number of County jobs increased by 0.9% over the 2011:Q1 to 2012:Q1 period, while County employer payrolls rose 7.1%.

County jobs data show that from 2011:Q1 to 2012:Q1, the number of jobs in Maryland increased by 1.6%, and jobs in Baltimore County increased by 0.9% as Baltimore County employers added over 3,100 positions. Payrolls rose 7.1% in Baltimore County and 7.7% at the State level. Nationally, nonfarm payrolls increased by approximately 1.9 million jobs, or 1.4%, from 2011:Q3 to 2012:Q3. The pace of job growth has increased in recent months, with the nation adding an average of 113,000 jobs per month in 2012:Q3, up from an average of 44,000 jobs per month in 2012:Q2. At this rate of monthly job gains it will take 38 months to replace the jobs lost during the recession. Sage Policy Group, Inc. (the Spending Affordability Committee's economic consultant) predicts job growth of 0.9% and 1.0% in the County and Maryland, respectively, in CY 2012. These forecasts exceed anticipated CY 2012 population growth of 0.4% in the County and 0.6% in Maryland, which is a positive sign for the regional economy.

The County's October 2012 unemployment rate was 6.9%, which is higher than the State unemployment rate but below the national rate.

The unemployment rate among County residents was 6.9% in October 2012, down from 7.1% a year earlier and higher than the current State rate of 6.3%. As of August 2012, the County had the 15th lowest unemployment rate out of the 24 local jurisdictions in Maryland. Within the entire Baltimore-Towson Metropolitan Statistical Area (MSA), the unemployment rate in October 2012 was 6.8%. The MSA unemployment rate is strongly influenced by Baltimore City's unemployment rate, which stood at 9.7%. Excluding Baltimore City, the October 2012 MSA unemployment rate was 6.1%. Nationally, the seasonally adjusted unemployment rate was 7.9% in October 2012, down from the October 2011 rate of 8.9%. BCEAC members noted that hiring demand is increasing in some sectors, but that locally there continues to be a mismatch between new job opportunities and the skills of people who are looking for work. Additionally, members stated that businesses are hesitant to make decisions due to uncertainty over federal fiscal policy.





PERSONAL INCOME

The Spending Affordability Committee's economic consultant currently projects that County personal income growth was 4.11% in FY 2012 and will be 4.02% in FY 2013.

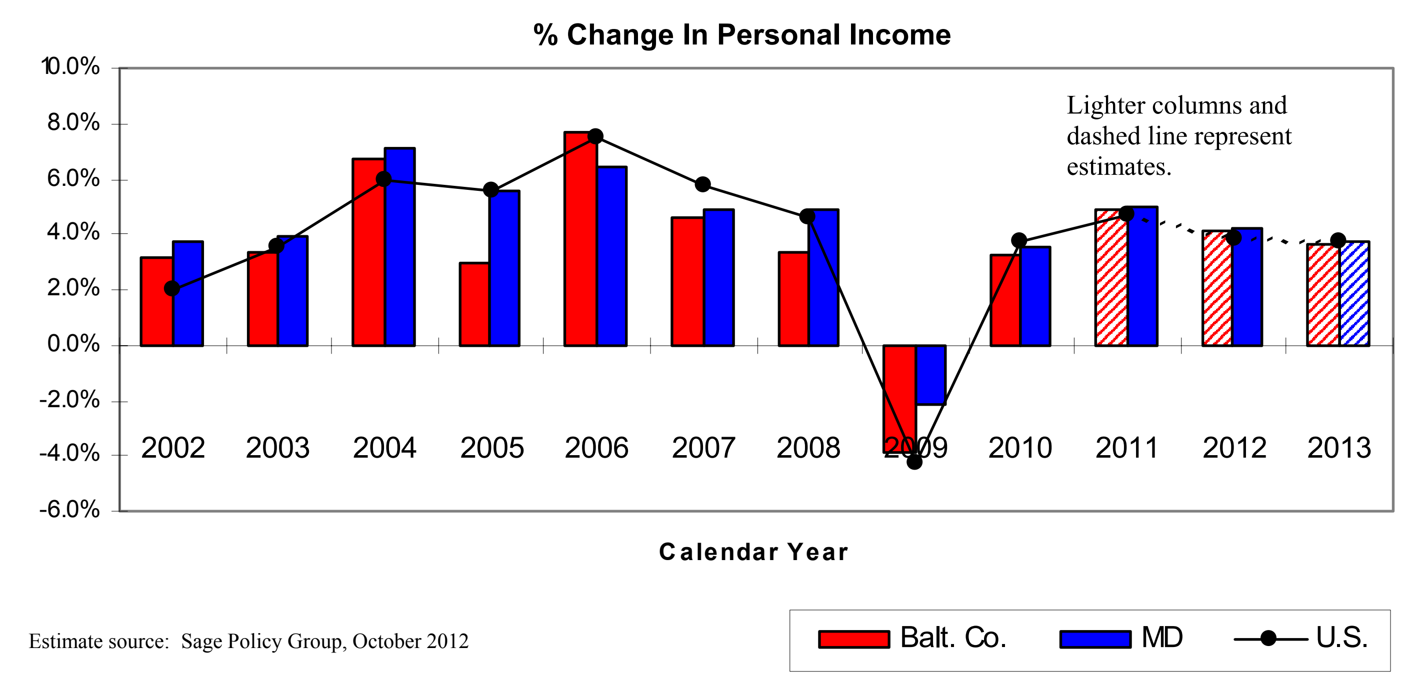
Sage Policy Group, Inc. (Sage), the Spending Affordability Committee's economic consultant, predicts in its October 2012 report that Baltimore County's personal income (PI) will increase by 4.02% in FY 2013. It is expected that the County's PI grew 4.11% in FY 2012. These rates represent a slowdown from the FY 2011 estimated growth rate of 4.88%. Maryland's PI is forecast to increase by 4.20% in FY 2013, slightly lower than its actual growth of 4.23% in FY 2012 and 18 basis points above the forecast for the County. Longer term, PI in Baltimore County is expected to grow by 4.17% in FY 2014, which, while demonstrating continued improvement, is significantly less than the 6.19% growth achieved in FY 2007. In comparison, PI in the State is expected to grow by 4.27% in FY 2014.

Continued personal income growth is projected, but could be slower than previously anticipated.

Over the 2000 to 2010 period, PI in Maryland increased at a faster pace than national PI, with total increases of 54.2% in Maryland and 44.6% nationally, while PI in Baltimore County slightly exceeded the national pace with an increase of 46.2%. The most recent quarterly reading for Maryland shows that PI increased by 0.90% from 2012:Q1 to 2012:Q2, slightly lower than the national PI increase of 0.99% over the same period. (County data are reported annually.) Nationally, in 2012:Q3, wages and salaries comprised 51.5% of PI. Old-age/disability/health insurance benefits, which make up 13.0% of PI, have seen an increase of 5.4% since 2011:Q3. Meanwhile, unemployment benefits have decreased 27.2% over the same time period. The continued uncertainty in the employment sector and continued slow national, state, and local economic recovery suggest that actual PI growth may remain slower than previously expected.

The County's Spending Affordability Committee recommended a spending growth limit of 2.98% for FY 2013.

For FY 2013, the County's Spending Affordability Committee recommended a spending growth rate limit of 2.98% based on a 5-year average of Sage's January 2012 estimates of annual County PI growth for FY 2009 to FY 2013. Sage's October 2012 forecasts of annual County PI growth for FY 2014 and FY 2015 are 4.17% and 5.09%, respectively. Based solely on these forecasted rates and the estimated growth in prior years, the projected maximum spending growth recommendation would be 3.24% for FY 2014 and 4.45% for FY 2015.



Estimate source: Sage Policy Group, October 2012

EXISTING HOME SALES

In October 2012, the number of existing Baltimore County homes sold increased by 19.5% from a year earlier.

Existing home sales in Baltimore County totaled 6,541 units in FY 2012, 15.2% above FY 2011 sales. Home sales have begun to decrease in recent months but continue to show strong year-over-year growth, with the number of existing homes sold in October 2012 up 19.5% from a year earlier to 558 units. These increases could be partially due to the continued decline in average mortgage interest rates in FY 2013. Prices began to decrease, with the median price of an existing home sold in the County falling to $202,050 in October 2012. This price, however, is up 3.6% from October 2011. Meanwhile, the active inventory in October 2012 fell 27.2% from October 2011. The BCEAC residential real estate representative reported that, "The market has improved in more communities than not and the diminished inventory should keep prices from falling while giving them a chance to improve. However, the large number of distressed properties...may jeopardize any recovery for some time."

The median price of existing homes sold in Baltimore County increased 3.6% between October 2011 and October 2012.

October 2012 pending home sales were up 19.0% compared to a year earlier.

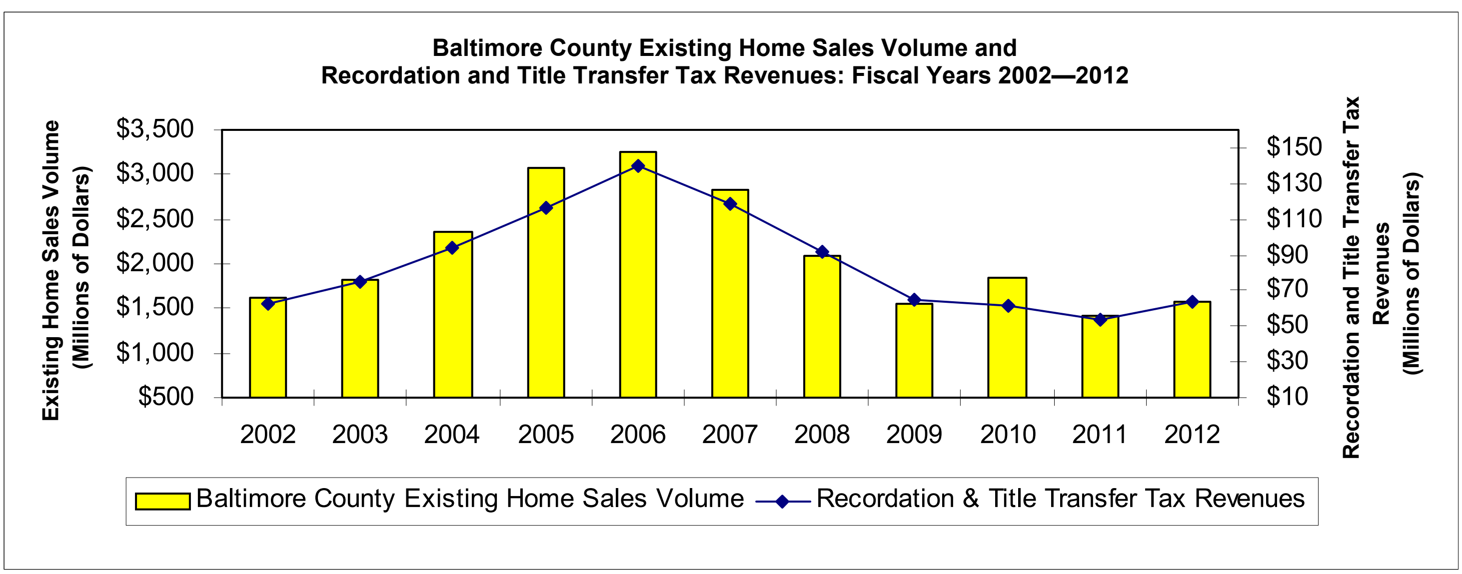
Pending existing home sales in October 2012 totaled 740, up 118 units, or 19.0%, from October 2011, following a 10.1% increase in September 2012. However, the residential real estate representative noted that a large number of pending sales are short sales, which often do not make it to closing.

Reflecting lower mortgage interest rates, the monthly mortgage payment for a median-priced County home sold was 4.8% lower in October 2012 versus October 2011.

Mortgage interest rates (for 30-year conventional mortgages) in October 2012 were 3.38%, down 69 basis points from October 2011 when rates were 4.07%. Over this same period, as noted, the median price of an existing home sold in Baltimore County rose 3.6%, compared to an increase of 8.2% for Maryland. 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 $894 in October 2012, 4.8% below the October 2011 level of $939 (principal and interest only). Mortgage rates are expected to remain flat into CY 2013.

Property-related transaction tax revenues rebounded in FY 2012, with a projected increase of 18.9% following a decrease of 11.9% in FY 2011. These revenues are expected to increase by 21.4% in FY 2013.

Property-related transaction tax revenues (recordation and title transfer tax revenues) totaled $54.0 million in FY 2011, a decrease of 11.5% from FY 2010 collections and 61.2% lower than peak collection levels experienced in FY 2006. Based on unaudited data, FY 2012 property-related transaction tax revenues totaled $63.9 million, up 18.9% from FY 2011 levels, reflecting increased demand at slightly higher prices. These revenues are expected to increase again in FY 2013 due to a continued recovery in sales volume, with a projected increase of 21.4% to $77.6 million.



CONSTRUCTION

The total value of construction permits issued in 2012:Q2 decreased 32.9% from a year earlier. While non-residential construction is struggling, residential construction is improving.

Construction is among the most volatile components of the County's economy. Construction permits issued in Baltimore County in 2012:Q2 totaled $118.2 million, $57.9 million, or 32.9%, below 2011:Q2, the worst quarterly performance since permits totaled $101.2 million in 1996:Q4. The 2012:Q2 permit valuation, which reflects a varied performance across construction sectors, follows a year-over-year decrease of 12.6% in 2012:Q1. New residential construction improved, increasing 144.7% from 2011:Q2 to 2012:Q2. Meanwhile, new non-residential construction struggled, only reaching $3.2 million, a decline of $56.8 million, or 94.6%, from 2011:Q2. No new non-residential construction permits valued at or above $1 million were issued in the County in 2012:Q2. Four non-residential construction permits valued at or above $300,000 were issued; however, only one of the four permits was for a taxable property (a new restaurant at the Hunt Valley Towne Centre).

Additions, alterations, and repairs activity in 2012:Q2 fell 28.3% from a year earlier to $70.1 million.

Additions, alterations, and repairs (AAR) activity in 2012:Q2 totaled $70.1 million, down $27.6 million, or 28.3%, from 2011:Q2 and 38.9% below the average of 2nd quarter activity over the last 7 years. The total value of residential AAR permits fell 37.9% from 2011:Q2 to 2012:Q2, while the value of non-residential AAR permits also fell 24.6% over the same period.

In 2012:Q2, the total number of new residential building permits increased 201.0% compared to a year earlier, while the dollar value of these permits increased 144.7%.

New residential building permit data show that the total number of permits issued in 2012:Q2 increased by 201.0% from the number issued in 2011:Q2. Multi-family unit permits increased from 1 to 54, and single-family unit permits increased from 95 to 235. The total dollar value of the new residential building permits issued in 2012:Q2 increased $26.5 million, or 144.7%, from 2011:Q2 values, following an 11.3% year-over-year decrease in 2012:Q1. The increase in permit values as well as the increase in the number of permits issued demonstrates the volatility of the housing market. Additionally, the value of new residential building permits in 2012:Q2 remains below the 7-year average of 2nd quarter activity.

Construction employment represented 5.8% of County jobs in 2012:Q1 (the most recent data available).

Construction employment represented 5.8% of County jobs and had an average wage rate 18.8% above the County average in 2012:Q1 (the most recent data available). While the number of jobs available remains low by historic standards, construction activity continues to support high quality jobs.