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BALTIMORE COUNTY FISCAL DIGEST

GENERAL FUND REVENUES & THE ECONOMY

Baltimore County, Maryland

March 22, 2013

BALTIMORE COUNTY, MARYLAND
OFFICE OF THE COUNTY AUDITOR

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April 8, 2013

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, 2013. This report summarizes current economic conditions affecting the County and updates the FY 2013 and 2014 General Fund revenue estimates that were provided in the FY 2014 Spending Affordability Committee report.

Over the last month, projections for FY 2013 General Fund revenues increased by $10.5 million. This change was due entirely to a higher-than-anticipated fourth quarter income tax distribution received in late February. While not proven, speculation is that the anticipation of higher federal taxes in CY 2013 increased realized capital gains in late CY 2012. In light of this uncertainty, we are not expecting high growth rates to continue for future income tax distributions.

FY 2013 General Fund revenues are estimated to total $1,688.2 million, an increase of $58.2 million, or 3.6%, over FY 2012 collections and $80.3 million, or 5.0%, over FY 2013 budgeted revenues. This additional revenue should allow the County to meet its FY 2013 budget with current year revenues without drawing on surplus funds as was originally planned. By June 30, 2013, the Unassigned General Fund Balance (Surplus) is projected to be $216.2 million, an increase of $71.0 million over the audited June 30, 2012 balance of $145.2 million.

FY 2014 General Fund revenues are projected to total $1,702.0 million, an increase of $13.8 million, or 0.8%, over the current FY 2013 revenue estimate. The increase is due to a combination of limited growth in income tax collections due to the recovering economy, modest growth from property-related transaction tax revenues due to increased home sales activity, and a partial restoration of State aid cuts enacted over the past several years. Property taxes, however, are expected to be flat, a result of falling assessments catching up with the Homestead Property Tax Credit.

The full effect of federal sequestration on Baltimore County is not yet clear. The local economy is diverse and is not as dependent on federal expenditures as some other Maryland jurisdictions. Direct federal aid to the County government and its component units (e.g., Baltimore County Public Schools) is limited, but some programs in education, housing, and health and human services are expected to receive significant cuts. The largest concern is the impact sequestration will have on Maryland's economy, particularly if State revenue shortfalls lead to reductions in State aid to the County.

The State budget process, from the local government perspective, was uneventful this year. The budget mainly adheres to the plan developed last year. As previously mentioned, State aid to the County will increase; however, it will be offset by the second year of the four-year phase-in of a portion of teacher retirement costs. In FY 2014 the County will be charged $20.0 million, an increase of $4.2 million over the FY 2013 cost. One significant and relatively unexpected piece of fiscal legislation that did pass was an increase in the State's gas tax. Earlier proposals included authorization for a local gas tax and for the increased revenues from the State's tax to be shared with local governments under the Highway User Revenue formula, but the final legislation did not. There are no new local revenues related to the gas tax.

We will continue to monitor economic activity and revenue collections at the local and the State level, as well as the federal budget deliberations. Our next update will include revised revenue projections for FY 2013 and FY 2014 and will coincide with our office's budget overview presentation to the Council, scheduled for April 30, 2013.

Respectfully submitted,

Lauren M. Smelkinson

Lauren M. Smelkinson, CPA
County Auditor

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

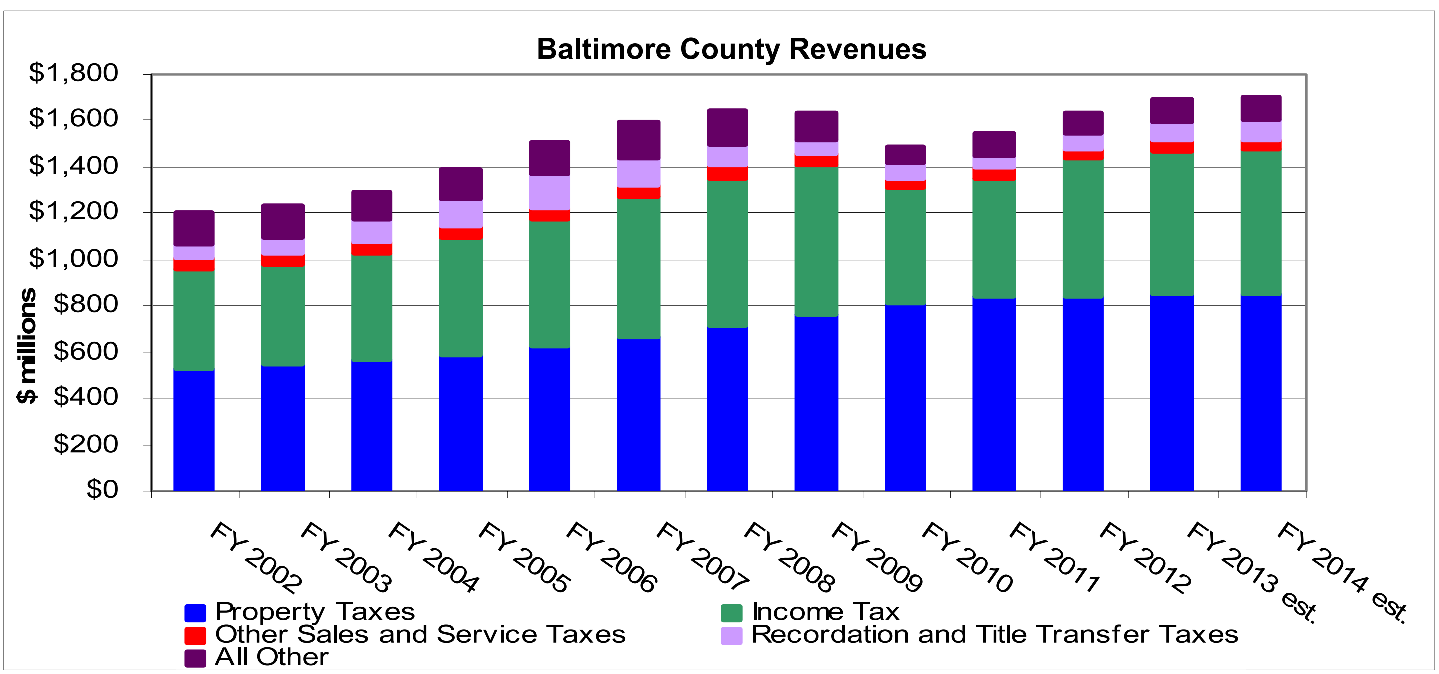
REVENUE HIGHLIGHTS

Unassigned General Fund Balance (Surplus) as of June 30, 2012 totaled $145.2 million, or 8.8% of the FY 2013 General Fund budget. 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 $230.0 million, or 14.0% of the FY 2013 General Fund budget.

FY 2013 County General Fund revenues through early March totaled $1,333.6 million, approximately $50.0 million, or 3.9%, above collections over the same 8-month period the prior year. This increase is primarily due to year-to-date gains in income and property-related transaction tax revenues (i.e., title transfer and recordation tax revenues) of $23.5 million and $14.3 million, respectively. The higher-than-anticipated increase in income tax revenues is the result of the continued slow but steady economic recovery in the County. In addition, recent increases in the number of homes sold in the County have caused year-to-date property-related transaction tax revenues to exceed expectations.

FY 2013 General Fund revenues for the entire year are expected to total $1,688.2 million, an increase of $58.2 million, or 3.6%, over FY 2012 collections. This projection represents an increase of $80.3 million, or 5.0%, over FY 2013 budget estimates. The projected FY 2013 revenue increase primarily reflects higher-than-anticipated growth in income tax and property-related transaction tax revenues, as previously mentioned. FY 2013 income tax collections are expected to grow 4.9% over FY 2012 collections, while property-related transaction tax revenues are expected to show an annual increase of 30.5%. Growth in property tax revenues has slowed significantly because 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 in recent years property tax revenues have comprised more than 50% of the County's general fund budget. In addition, the State aid reductions enacted in recent years are continuing in FY 2013 due to the State's budgetary challenges.

FY 2014 General Fund revenues are projected to reach $1,702.0 million, up approximately $13.8 million, or 0.8%, from the revised FY 2013 revenue estimate and $94.1 million, or 5.9%, over budgeted FY 2013 revenues. The projected slight increase in FY 2014 General Fund revenues primarily reflects an anticipated slowdown in income tax revenue growth. Income tax revenues for the current tax year are expected to increase based on the continued economic recovery; however, total income tax revenues are expected to be nearly flat due to higher-than-average reconciling distributions received in FY 2013 that are not expected to be repeated in FY 2014. In addition, property tax revenues are expected to be flat due to falling assessments combined with the last lingering positive effects of the Homestead Property Tax Credit Program. Property-related transaction tax revenues are expected to show modest gains based on the expectation that sales volume will continue to recover in FY 2014 while prices remain flat. The State aid reductions implemented in recent years are generally expected to continue in FY 2014; however, $3.6 million in police aid is expected to be restored and the General Fund will continue to receive an additional $3 million intended to partially offset teachers' pension costs.



REVENUE FORECAST & ECONOMIC OUTLOOK

FY 2013 General Fund revenue growth represents a continued rebound from the pronounced decline in FY 2010 resulting from gains in both the employment and housing markets. FY 2014 revenues are expected to continue to grow, albeit more slowly, despite flat property tax revenues.

($ Millions) Revenue Source	Actual FY 2012	FY11-12 Change	Est. FY 2013	FY12-13 Change	Est. FY 2014	FY13-14 Change
Property Taxes	$ 845.2	1.0%	$ 849.3	0.5%	$ 849.3	0.0%
Income Tax	593.2	15.3%	622.3	4.9%	627.1	0.8%
Sales & Service Taxes	43.3	0.5%	43.4	0.2%	43.4	0.0%
Recordation Tax	20.4	11.5%	33.4	63.7%	35.1	5.0%
Title Transfer Tax	43.5	21.8%	50.0	14.9%	52.5	5.0%
Intergovernmental	31.5	-7.9%	36.6	16.2%	42.2	15.3%
All Other	52.9	-18.4%	53.2	0.6%	52.4	-1.5%
Total Revenue	$ 1,630.0	5.3%	$ 1,688.2	3.6%	$ 1,702.0	0.8%

The Baltimore County Economic Advisory Committee (BCEAC) expressed mixed sentiments with respect to the local economic recovery at its March 2013 meeting, noting that some sectors are performing well while others remain slow to improve. The Committee observed that the local residential real estate market is showing signs of stabilizing, more temporary positions are being converted to permanent positions, and the retail sector is optimistic that 2013 will be a better year than 2012. On the other hand, the County and the State continue to underperform the nation in job growth, and local businesses are holding back on expansion and hiring plans due to uncertainties regarding both the economic climate and the federal fiscal policy outlook. In addition, the anticipated reductions to federal government spending as a result of the sequestration could significantly impact the region. Members' mixed near-term outlook is also due to the following factors:

- **Recent retail reports indicate that consumers are showing an increased willingness to spend, and that many are feeling more optimistic regarding the economic outlook.** Consumer confidence is critical to a sustained economic recovery because the consumer generally accounts for over two-thirds of total economic activity. Strong sales were reported in shoes and accessories, and it was noted that retailers who attract younger customers through online shopping, mobile apps, and social media are experiencing growth.

- **The number of unemployed workers remains high,** and 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. However, it was noted that some local companies are hiring, and there is optimism surrounding both the new construction taking place in Towson and Owings Mills and the work related to the Virginia tunnel project taking place at the Sparrows Point Shipyard and Industrial Park.

- **Local residential real estate prices appear to have stabilized** due to a decline in inventory levels that has resulted from year-over-year increases in home sales in recent months. However, it was noted that 32% of County home sales in February 2013 were distressed sales, and that the short sale process remains long and difficult, causing more than 20% of pending sales to fall through. The high volume of distressed sales in the region indicates that the local housing market has not yet recovered. 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 and FY 2014. 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 has slowed significantly in FY 2013 and is expected to be flat in FY 2014.

NATIONAL ECONOMIC INDICATORS

In 2012:Q4, the U.S. economy grew at an annualized rate of 0.1%.

Real U.S. Gross Domestic Product (GDP) in 2012:Q4 increased at an annualized rate of 0.1%. This quarter's performance represents a deceleration from the 2012:Q3 annualized increase of 3.1%, and could be reflective of government managers reducing their expenditures in anticipation of federal sequestration. The major factor contributing to the slowdown in 2012:Q4 was a decrease in federal government consumption expenditures, primarily national defense expenditures, which decreased 22.0%. This deceleration is further driven by a contraction in net exports. However, growth in fixed investment accelerated, primarily in residential investment, with increases of 11.2% and 17.5% in 2012:Q4, respectively. For all of 2012, real GDP grew by 2.2%, an increase from the 1.8% growth experienced in 2011 and slightly higher than the 10-year average growth of 1.7%. The February 2013 release of the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters* projected real GDP growth of 1.9% for all of 2013, a slight downtick from the November 2012 forecast, followed by a slight uptick for growth in 2014 from 2.7% to 2.8%. Despite some positive economic signs and the fact that the recession concluded in June 2009, as defined by the National Bureau of Economic Research, economists project GDP growth for the next five quarters to be tepid.

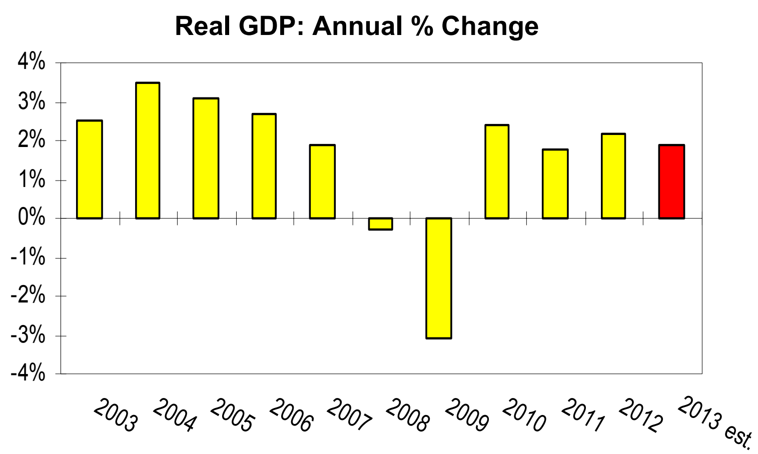
After growing by 2.2% in 2012, real GDP growth is expected to remain tepid in 2013.

Real consumer spending grew at an annualized rate of 2.1% in 2012:Q4.

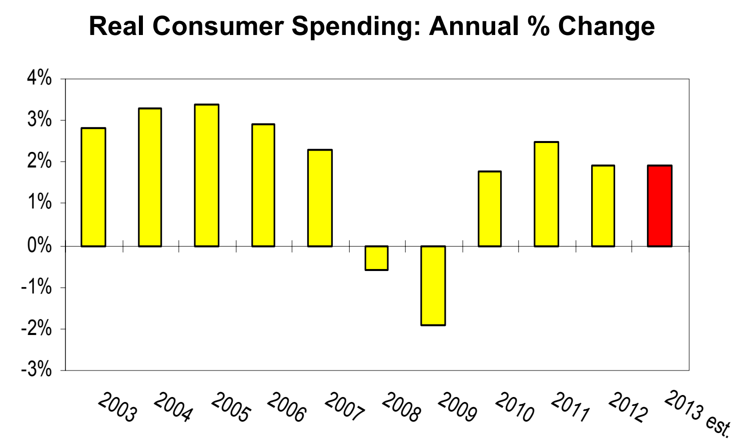
Real consumer spending, which accounts for roughly two-thirds of all U.S. economic activity, increased at an annualized rate of 2.1% during 2012:Q4 following an increase of 1.6% in 2012:Q3. From 2012:Q3 to 2012:Q4, consumer spending on durable goods again showed a strong increase, accelerating from 8.9% to 13.8%. Over the same period, growth in consumer spending on nondurable goods moderately decreased from 1.2% to 0.1%, while growth in services was essentially flat. Members of the BCEAC listened to an optimistic report from the local retail representative stating that the retail market is expected to take a steady climb up in the coming months.

Consumer confidence increased in February following decreases in January and December.

Consumer confidence, based on a survey of 5,000 U.S. households by The Conference Board (a well-known economic research organization), rebounded in February following decreases in two consecutive months, with the "Expectations Index" experiencing a bulk of the increase. The Conference Board noted that, "the shock effect caused by the fiscal cliff uncertainty and payroll tax cuts appears to have abated." Additionally, the Board reported that consumers' assessment of current business and labor market conditions, and income expectations, is more positive than last month, and "looking ahead, consumers are cautiously optimistic about the outlook for business and labor market conditions."



Estimate Source: *Survey of Professional Forecasters*, February 2013



Estimate Source: *Survey of Professional Forecasters*, February 2013

The Federal Reserve's Federal Open Market Committee (FOMC) held interest rate targets between 0% and 0.25% at its January 30, 2013 meeting.

The FOMC expects long-term inflation to remain stable, and advises that "with appropriate monetary policy accommodation" moderate economic growth is expected.

Interest rate targets were maintained between 0% and 0.25% at the January 30, 2013 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 until unemployment falls below 6.5% or long-term inflation exceeds 2.5%. The FOMC expressed its perception that economic growth halted in recent weeks, largely due to "weather-related disruptions and other transitory factors." 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 have eased somewhat, but downside risks to the national economy remain. The FOMC advised that "with appropriate monetary policy accommodation, economic growth will proceed at a moderate pace and the unemployment rate will gradually decline." Long-term inflation expectations remain stable. Short-term inflation, apart from temporary variations related to fluctuating energy prices, is somewhat below the FOMC's expectations.

INTEREST RATE CHANGE FROM FEBRUARY 2012 TO FEBRUARY 2013

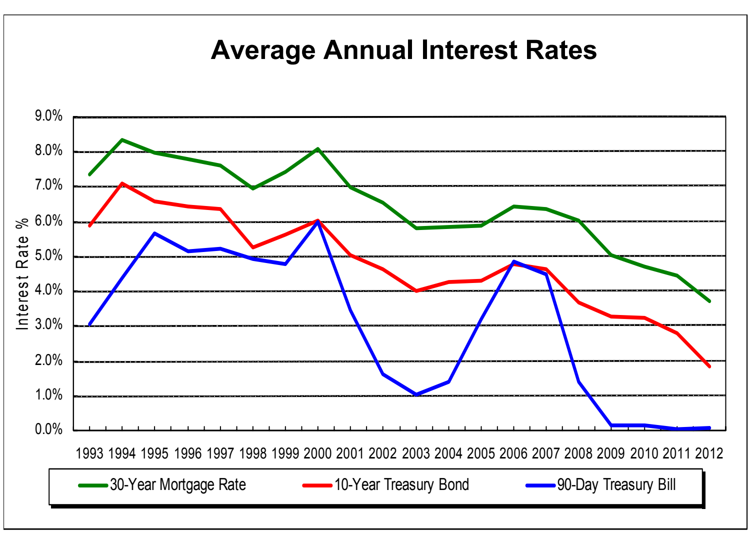
	Basis Points*
90-Day Treasury Bills	1
10-Year Treasury Bonds	1
30-Year Conventional Mortgage	-36

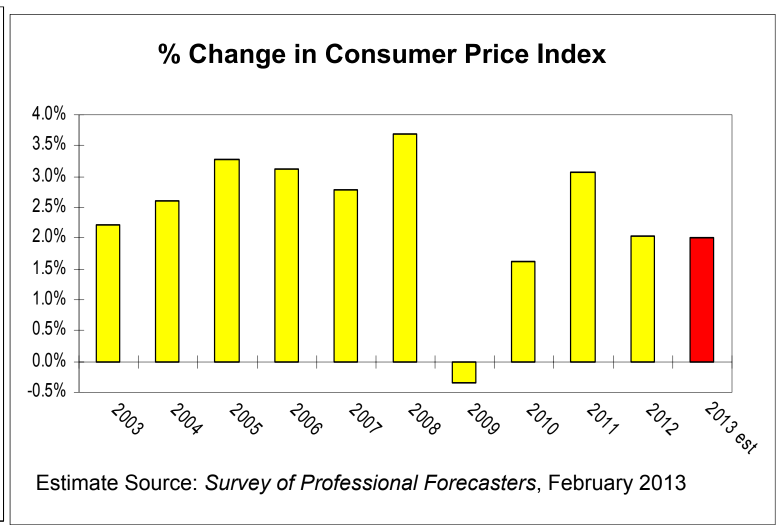
* A basis point is equal to .01 percentage point.

Short-term interest rates are likely to stay near 0%. Weak economic conditions such as a persistent high unemployment rate, combined with a subdued inflation outlook, will likely warrant exceptionally low levels for the federal funds rate until employment or inflationary targets have been reached; it is not expected that such targets will be reached until at least CY 2015.

From February 2012 to February 2013, consumer inflation was 2.0%. Inflation is forecast at 2.0% and 2.2% for CY 2013 and CY 2014, respectively.

Inflation, as measured by the Consumer Price Index-All Urban Consumers (CPI-U), was 2.0% over the February 2012 to February 2013 period. Year-over-year consumer price growth has slowed from a recent high of 2.9% in February 2012. Recent price growth is largely driven by increases in transportation and healthcare costs. Core inflation (which excludes food and energy inflation) was also 2.0% over the February 2012 to February 2013 period. For CY 2012 the CPI-U increased by 2.1%, following an increase of 3.2% in CY 2011. The current year-over-year inflation CPI-U forecast for CY 2013 is 2.0%, followed by 2.2% for CY 2014, according to the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters*, February 2013. The *Survey* projects that annual inflation will average 2.3% over the 2013 to 2022 period.





LOCAL ECONOMIC PERSPECTIVE

EMPLOYMENT

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

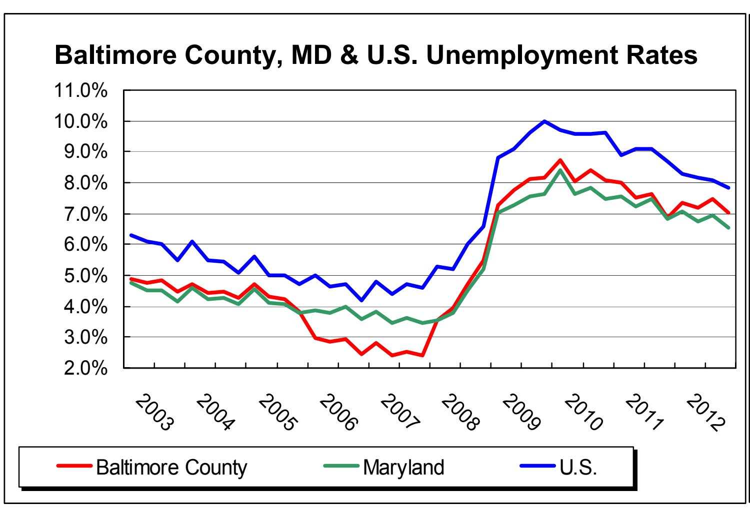
Employment, as measured by place of residence, has been slowly increasing on a year-over-year basis in both Baltimore County and Maryland. Over the January 2012 to January 2013 period, Baltimore County residential employment increased by 11,894 persons, or 2.9%, while Maryland residential employment increased by 35,269 persons, or 1.2%. January 2013 marked the 35th consecutive month of year-over-year employment gains in Baltimore County. County employment is nearing pre-recession levels, however, employment growth continues to be inconsistent. 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.

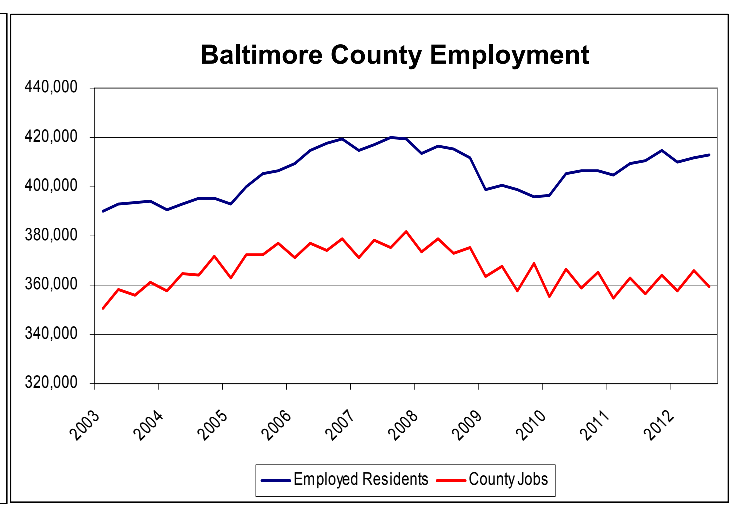
The number of County jobs increased by 0.9% over the 2011:Q3 to 2012:Q3 period, while County employer payrolls fell 1.8%.

County jobs data show that from 2011:Q3 to 2012:Q3, the number of jobs in Maryland increased by 1.5%, and jobs in Baltimore County increased by 0.9% as Baltimore County employers added approximately 3,300 positions. Payrolls fell 1.8% in Baltimore County and 2.0% at the State level. Nationally, non-farm payrolls increased by approximately 2.2 million jobs, or 1.6%, from 2011:Q4 to 2012:Q4. The pace of job growth has increased in recent months, with the nation adding an average of 155,000 jobs per month in 2012:Q4, up from an average of 101,000 jobs per month in 2012:Q3. At this rate of monthly job gains, it will take approximately 20 months to replace the jobs lost during the recession. Sage Policy Group, Inc. (the Spending Affordability Committee's economic consultant) predicts job growth of 1.0% and 1.2% in the County and Maryland, respectively, in CY 2013. These forecasts exceed anticipated CY 2013 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 January 2013 unemployment rate was 7.6%, which is higher than the State unemployment rate but slightly below the national rate.

The unemployment rate among County residents was 7.6% in January 2013, up from 7.4% a year earlier and higher than the current State rate of 7.2%. As of November 2012, the County had the 13th lowest unemployment rate out of the 24 local jurisdictions in Maryland. Within the entire Baltimore-Towson Metropolitan Statistical Area (MSA), the unemployment rate in January 2013 was 7.5%. The MSA unemployment rate is strongly influenced by Baltimore City's unemployment rate, which stood at 10.6%. Excluding Baltimore City, the January 2013 MSA unemployment rate was 6.8%. Nationally, the seasonally adjusted unemployment rate was 7.9% in January 2013, down from the January 2012 rate of 8.3%. In March, BCEAC members noted that while hiring demand continues to increase in some sectors, employers continue to seek the perfect fit. Additionally, it was noted that more temporary positions are being converted to full time.





PERSONAL INCOME

The Spending Affordability Committee's economic consultant currently projects that County personal income growth was 4.01% in FY 2012 and will be 3.09% in FY 2013.

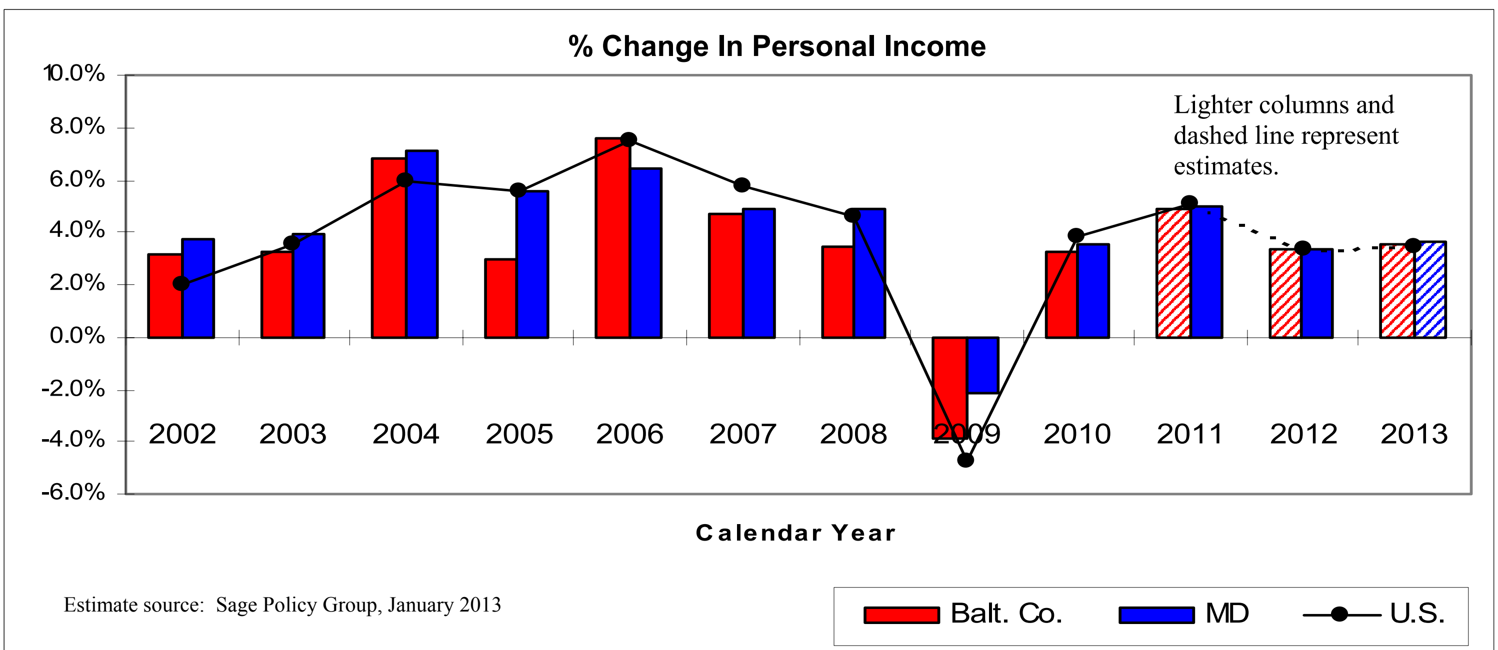
Sage Policy Group, Inc. (Sage), the Spending Affordability Committee's economic consultant, predicts in its January 2013 report that Baltimore County's personal income (PI) will increase by 3.09% in FY 2013. Further, Sage estimates that the County's PI grew 4.01% in FY 2012. These rates represent a slowdown from the FY 2011 estimated growth rate of 4.84%. Maryland's PI is forecast to increase by 3.10% in FY 2013, lower than its actual growth of 4.08% in FY 2012 and 1 basis point above the forecast for the County. Longer term, PI in Baltimore County is expected to grow by 4.43% in FY 2014, which, while demonstrating continued improvement, is significantly less than the 6.75% growth achieved in FY 2007. In comparison, PI in the State is expected to grow by 4.60% in FY 2014.

Continued personal income growth is projected, with improved growth expected in FY 2014.

Over the 2000 to 2010 period, PI in Maryland increased at a faster pace than national PI, with total increases of 54.2% and 44.0%, respectively, while PI in Baltimore County slightly exceeded the national pace with an increase of 46.3%. The most recent quarterly reading for Maryland shows that PI increased by 0.46% from 2012:Q2 to 2012:Q3, slightly lower than the national PI increase of 0.59% over the same period. (County data are reported annually.) Nationally, in 2012:Q3, wages and salaries comprised 51.4% of PI. Old-age/disability/health insurance benefits, which make up 13.1% of PI, have seen an increase of 5.7% since 2011:Q3. Meanwhile, unemployment benefits have decreased 27.3% 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 be less than projected in FY 2013. However, pent-up demand could lead to accelerated growth going into FY 14.

The County's Spending Affordability Committee recommended a spending growth limit of 3.07% for FY 2014.

For FY 2014, the County's Spending Affordability Committee recommended a spending growth rate limit of 3.07% based on a 5-year average of Sage's January 2013 estimates of annual County PI growth for FY 2010 to FY 2014. Sage's January 2013 forecasts of annual County PI growth for FY 2014 and FY 2015 are 4.43% and 5.10%, respectively. Based solely on these forecasted rates and the estimated growth in prior years, the projected maximum spending growth recommendation would be 4.29% for FY 2015 and 4.38% for FY 2016.



EXISTING HOME SALES

Year-over-year home sales increased for 19 consecutive months before falling slightly in February 2013.

Existing home sales in Baltimore County totaled 6,916 units in CY 2012, 13.6% above CY 2011 sales. Monthly home sales have exhibited strong year-over-year growth for nearly two years until February 2013, when sales slightly fell by 0.7%. It was the first month to report a drop since June 2011, ending a run of 19 consecutive months with a year-over-year increase. The median price of an existing home in February 2013 was $190,000, unchanged from January 2013, but an increase of 4.4% from the February 2012 median price of $182,000. Meanwhile, the active inventory in February 2013 fell 24.5% from February 2012. The BCEAC residential real estate representative reported in March that the market has stabilized, the absorption rate (i.e., "months of inventory") is falling, and sales volume should continue to increase in CY 2013. However, the large number of distressed properties taken off the market could hinder the pace of recovery.

The median price of existing homes sold in Baltimore County increased 4.4% between February 2012 and February 2013.

February 2013 pending home sales were down 4.0% compared to a year earlier.

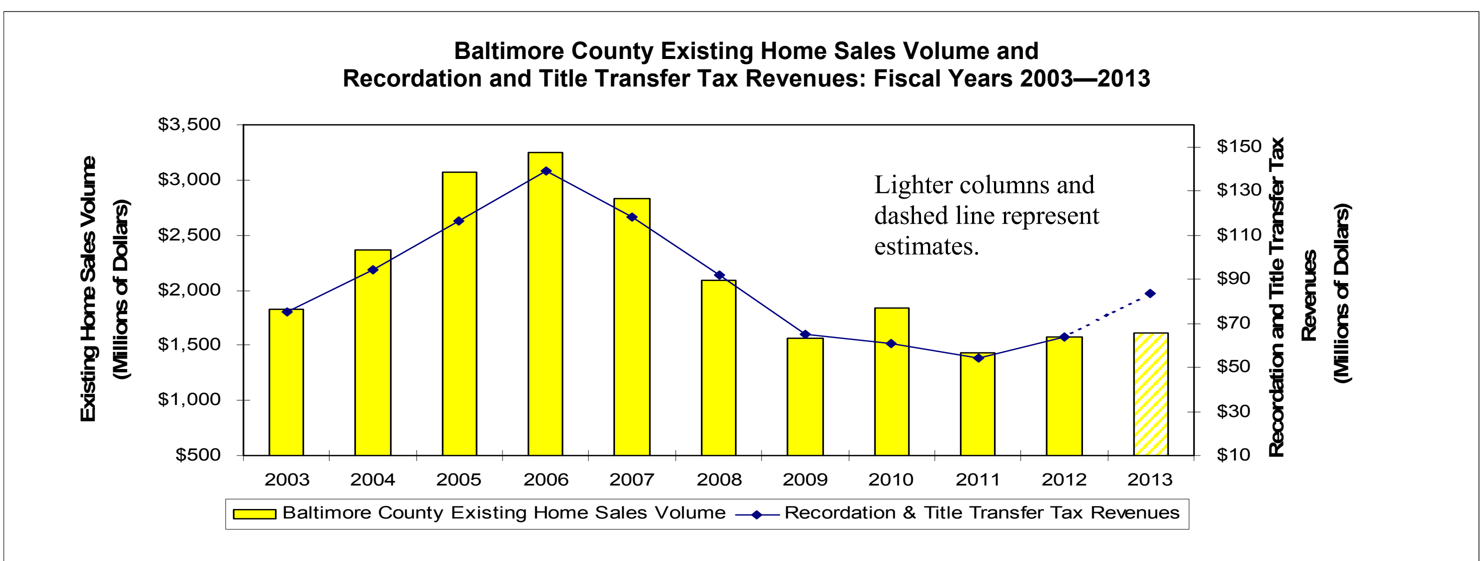
Pending existing home sales in February 2013 totaled 678, down 28 units, or 4.0%, from February 2012, following a 1.9% increase in January 2013. However, the residential real estate representative noted that a large number of pending sales have been distressed, and have not made it to closing.

Reflecting lower mortgage interest rates and higher prices, the monthly mortgage payment for a median-priced County home sold was essentially equal in February 2013 versus February 2012.

Mortgage interest rates (for 30-year conventional mortgages) in February 2013 were 3.53%, down 36 basis points from February 2012 when rates were 3.89%. Over this same period, as noted, the median price of an existing home sold in Baltimore County rose 4.4%, compared to an increase of 5.6% for Maryland. The monthly payment for the median-priced Baltimore County home (financed with a 30-year conventional mortgage loan) was $856 in February 2013, essentially unchanged from the February 2012 level of $857 (principal and interest only), due to slightly lower mortgage interest rates combined with slightly higher prices. Mortgage rates are expected to increase modestly by the end of CY 2013.

Property-related transaction tax revenues rebounded in FY 2012, with an increase of 18.3% following a decrease of 11.5% in FY 2011. These revenues are expected to increase by 30.5% in FY 2013.

Property-related transaction tax revenues (recordation and title transfer tax revenues) totaled $63.9 million in FY 2012, a increase of 18.3% from FY 2011 collections but 54.1% lower than peak collection levels experienced in FY 2006. Based on preliminary data, FY 2013 property-related transaction tax revenues are expected to total $83.4 million, up 30.5% from FY 2012 levels, reflecting increased transaction activity at slightly higher prices. These revenues are expected to increase again in FY 2014, largely due to a continued recovery in sales volume, with a projected increase of 5.0% to $87.6 million.



CONSTRUCTION

The total value of construction permits issued in 2012:Q3 decreased 17.7% from a year earlier, the worst quarterly performance since 1996:Q4.

Construction is among the most volatile components of the County's economy. Construction permits issued in Baltimore County in 2012:Q3 totaled $113.4 million, $24.4 million, or 17.7%, below 2011:Q3, the third straight quarterly decline and the worst quarterly performance since permit values totaled $101.2 million in 1996:Q4. The 2012:Q3 permit valuation follows a year-over-year decrease of 33.0% in 2012:Q2. New residential construction declined, decreasing 3.6% from 2011:Q3 to 2012:Q3, and new non-residential construction only reached $1.8 million, a decline of $8.0 million, or 81.8%, from 2011:Q3. No new non-residential construction permits valued at or above $1 million were issued in the County in 2012:Q3. Four non-residential construction permits valued at or above $308,000 were issued, including permits for a fast-food restaurant in Security and for a convenience store in Perry Hall-White Marsh.

Additions, alterations, and repairs activity in 2012:Q3 fell 15.2% from a year earlier to $86.5 million.

Additions, alterations, and repairs (AAR) activity in 2012:Q3 totaled $86.5 million, down $15.5 million, or 15.2%, from 2011:Q3 and 25.8% below the average of 3rd quarter activity over the last 7 years. The total value of residential AAR permits rose 13.5% from 2011:Q3 to 2012:Q3, and the value of non-residential AAR permits fell 21.1% over the same period.

In 2012:Q3, the total number of new residential building permits increased 160.6% compared to a year earlier, while the dollar value of these permits decreased 3.6%.

New residential building permit data show that the total number of permits issued in 2012:Q3 increased 160.6% from the number issued in 2011:Q3. Multi-family unit permits increased from 0 to 232 (the highest number of permits since 2010:Q1), while single-family unit permits decreased from 137 to 125. The total dollar value of the new residential building permits issued in 2012:Q3 decreased $928,000, or 3.6%, from 2011:Q3 values, following a 144.7% year-over-year increase in 2012:Q2. The decrease in permit values and the fluctuation in the number of permits issued demonstrates the volatility of the housing market. Additionally, the value of new residential building permits in 2012:Q3 remains below the 7-year average of 3rd quarter activity.

Construction employment represented 6.2% of County jobs in 2012:Q3.

Construction employment represented 6.2% of County jobs and had an average wage rate 16.7% above the County average in 2012:Q3. While the number of jobs available remains low by historic standards, construction activity continues to support high quality jobs.