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BALTIMORE COUNTY FISCAL DIGEST

GENERAL FUND REVENUES & THE ECONOMY

Baltimore County, Maryland

July 31, 2014

BALTIMORE COUNTY, MARYLAND
OFFICE OF THE COUNTY AUDITOR

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August 7, 2014

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 July 31, 2014. This report summarizes current economic conditions affecting the County and includes an updated FY 2014 General Fund revenue estimate and FY 2015 General Fund revenue projection.

The County is expected to end FY 2014 with a General Fund Balance (Surplus) of approximately $187.6 million, or $22.3 million less than the balance available at the end of FY 2013. This lower Surplus level is not indicative of a worsening revenue outlook; rather, FY 2014 revenues are expected to come in $59.1 million higher than anticipated, and for FY 2015, roughly twice as much fund balance than in FY 2014, or $78.1 million, was assigned to the budget for one-time expenditures. In addition to the Surplus balance, the Revenue Stabilization Reserve Account (Rainy Day account) balance is expected to total $86.8 million as of June 30, 2014. The expected Surplus balance and Rainy Day amounts together total $274.4 million, or 14.7% of the FY 2015 General Fund budget. The Surplus projection is preliminary and conservatively estimated based on the FY 2014 expenditure estimates reported in the Executive's Budget Message on April 15, 2014. It is expected that the actual year-end Surplus total for FY 2014, which should be available by early fall, will be higher.

The Surplus, which in FY 2011 fell to $80.5 million, has increased over the past few years largely due to rebounding revenues, particularly income tax and property-related transaction tax (recordation and title transfer tax). Overall, FY 2014 revenues are expected to total $1,744.1 million, reflecting growth of $254.7 million since FY 2010, when collections were at their recent low due to the Great Recession. During this period from FY 2010 to FY 2014, income tax revenue increased by $169.3 million, reflecting recovery in employment and personal income, and property-related transaction tax revenues increased by $18.7 million, reflecting a partial rebound from the housing bust.

The preliminary FY 2015 revenue forecast of $1,753.0 million is $8.9 million, or 0.5% above the FY 2014 estimate. Property tax revenue, the County's largest revenue source, is the primary contributor to the modest growth as it is expected to slightly increase due to some lingering positive effects of the Homestead Property Tax Credit Program (which defers assessment growth from prior years) and the State's latest reassessment of the County's central region (which grew, albeit modestly). This reassessment is the first to reflect positive growth in four years. Property-related transaction tax revenues and the construction of the County's new single-stream recycling facility are also contributing components to General Fund revenue growth. Income tax is expected to drop from the prior year because a portion of the FY 2014 revenue is thought to be one-time, likely a product of high income earners realizing capital gains in tax year 2012 before higher federal income tax rates were implemented. State aid is expected to be flat. Reductions to highway-user revenue implemented in recent years (excluding one-time funding for pothole repairs in the State's FY 2014 supplemental budget) are largely expected to continue in FY 2015; however, other State aid categories, notably police aid, have been restored.

The Baltimore County Economic Advisory Committee (BCEAC) did not meet in July 2014; however, several committee members provided feedback on the performance of the local economy, which was fairly optimistic. Local residential real estate prices are slowly rising, and the number of distressed properties on the market is declining. Commercial real estate is also improving as vacancy rates continue to drop throughout the County. Nationally, discretionary consumer spending, which does not include essential spending on items such as food and shelter, rose 17.2% annually as of July 7, 2014. The County's June 2014 unemployment rate was 6.5%, which, while higher than both the State and national rates, shows significant improvement from last June's unemployment rate of 7.4%.

We will continue to monitor economic activity and revenue collections, particularly income tax distributions and property-related transaction tax collections, as well as the actions of the State and federal governments. Our next update will include final revenues for FY 2014 along with a revised FY 2015 revenue forecast and will follow the October meeting of the BCEAC.

Respectfully submitted,

Lauren M. Smelkinson

Lauren M. Smelkinson, CPA
County Auditor

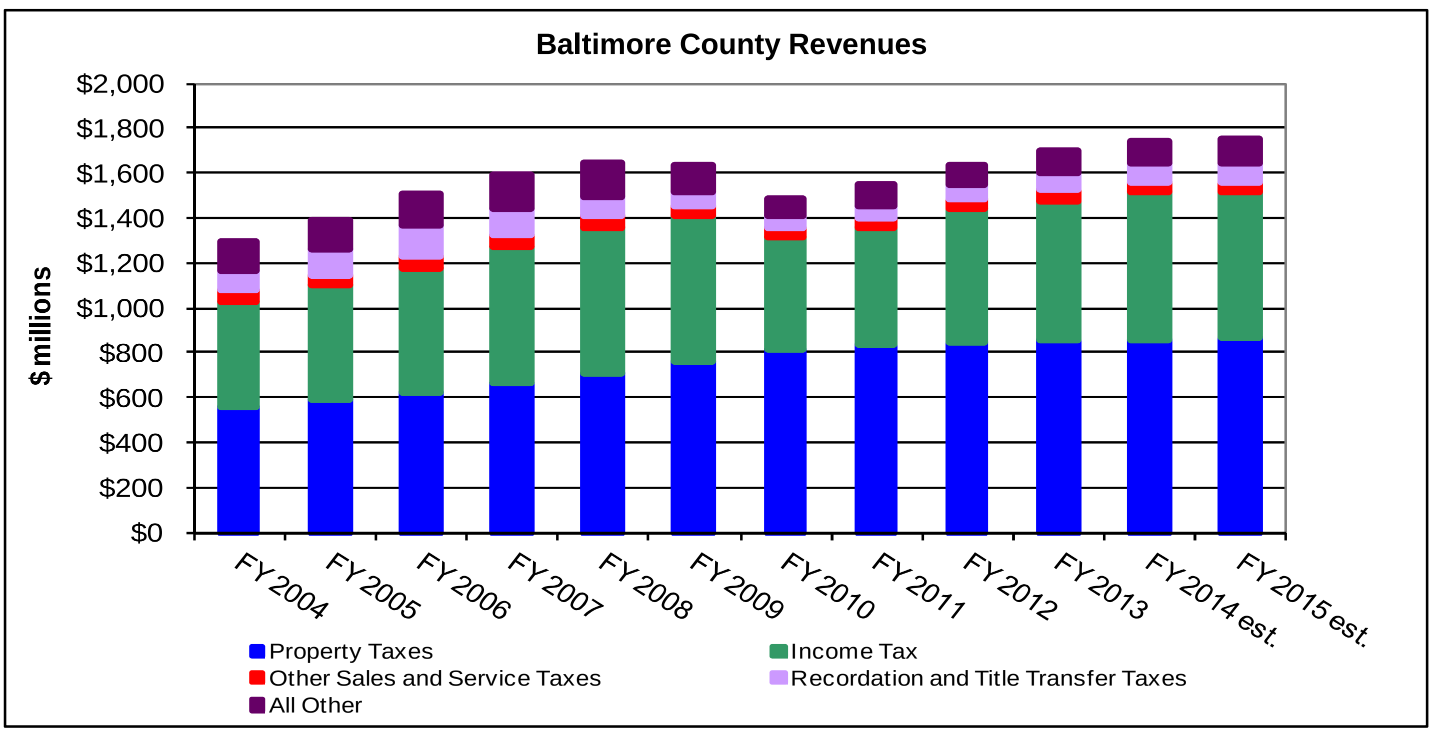
cc: Baltimore County Spending Affordability Committee; Baltimore County Economic Advisory Committee

REVENUE HIGHLIGHTS

Unassigned General Fund Balance (Surplus) as of June 30, 2014 is expected to total approximately $187.6 million, based on current FY 2014 revenue estimates and the FY 2014 expenditure estimates reported in the Executive's Budget Message on April 15, 2014. This amount does not include $78.1 million that was assigned as a source of funding for the FY 2015 budget. In addition to the Surplus balance, the Revenue Stabilization Reserve Account (Rainy Day account) balance is expected to total $86.8 million as of June 30, 2014. The expected Surplus balance and Rainy Day amounts together total $274.4 million, or 14.7% of the FY 2015 General Fund budget. Actual Surplus totals as of June 30, 2014, which will reflect final FY 2014 revenues and expenditures, should be available by early fall.

FY 2014 County General Fund revenues are expected to total approximately $1,744.1 million, an increase of $42.2 million, or 2.5%, over FY 2013 collections. This projection represents an over-attainment of $59.1 million, or 3.5%, above FY 2014 budgeted revenues. The projected 2.5% revenue increase in FY 2014 primarily reflects gains in income tax revenue resulting from the collection of a higher-than-anticipated reconciling distribution in November. While a large portion of the growth in income tax revenue is likely one-time in nature, a significant component is likely ongoing, a result of the economic recovery. Property tax revenues in FY 2014 are expected to be essentially flat due to falling assessments offset by some remaining revenue growth deferred by the Homestead Property Tax Credit. Property-related transaction tax collections are expected to decline slightly due in part to sluggish home sales during the particularly difficult winter season as well as reduced refinancing activity resulting from higher mortgage interest rates. Most of the State aid reductions implemented in recent years continued in FY 2014; however, $3.6 million in police aid was restored.

FY 2015 General Fund revenues are projected to reach $1,753.0 million, up approximately $8.9 million, or 0.5%, from the revised FY 2014 revenue estimate and $68.0 million, or 4.0%, over budgeted FY 2014 revenues. The projected slight increase in FY 2015 General Fund revenues is due to small anticipated increases in property tax and property-related transaction tax revenues combined with new revenue from the County's recently constructed single-stream recycling facility. These increases are expected to be partially offset by a decrease in income tax revenue, which is expected to drop from FY 2014 amounts due to the unlikelihood that such a high November distribution will recur. Still, FY 2015 income tax revenue is forecast to be 3.8% greater than FY 2013 actual collections due to the continued economic recovery. Property tax revenues are expected to increase slightly due to both the aforementioned positive effects of the Homestead Property Tax Credit and the State's recent reassessment of the County's central region which grew, albeit modestly. This reassessment is the first to reflect positive growth since 2009. Property-related transaction tax revenues are expected to show modest gains from small but steady growth in both sales volume and prices. The State aid reduction in highway-user revenue implemented in recent years (and excluding one-time funding for pothole repairs in the State's FY 2014 supplemental budget) is largely expected to continue in FY 2015; however, other State aid categories, notably police aid, have been restored.



REVENUE FORECAST & ECONOMIC OUTLOOK

FY 2014 General Fund revenue growth represents a continued rebound from the pronounced decline in FY 2010. FY 2014 growth was mainly due to gains in income tax revenue. FY 2015 revenues are expected to continue to grow, albeit more slowly, with modest growth in property and property-related transaction tax revenues.

($ Millions) Revenue Source	Actual FY 2013	FY12-13 Change	Est. FY 2014	FY13-14 Change	Est. FY 2015	FY14-15 Change
Property Taxes	$ 853.9	1.0%	$ 852.5	-0.2%	$ 869.0	1.9%
Income Tax	624.1	5.2%	665.0	6.6%	648.0	-2.6%
Sales & Service Taxes	44.5	2.8%	43.5	-2.2%	43.5	0.0%
Recordation Tax	30.6	50.0%	26.1	-14.7%	28.0	7.3%
Title Transfer Tax	53.0	21.8%	53.6	1.1%	56.0	4.5%
Intergovernmental	37.7	19.7%	43.4	15.1%	43.0	-0.9%
All Other	58.0	9.6%	60.0	3.4%	65.5	9.2%
Total Revenue	$ 1,701.8	4.4%	$ 1,744.1	2.5%	$ 1,753.0	0.5%

The Baltimore County Economic Advisory Committee (BCEAC) did not hold a meeting in July; however, the comments submitted by members expressed some optimism with respect to the local economy. Members observed that the local residential real estate market continues to show signs of improvement and that commercial vacancy rates in most areas of the County are on the decline. In addition, the County continues to see job growth in some sectors. Committee members also provided a number of economic insights to explain recent data, as follows:

- **Recent retail reports indicate that consumers are showing an increased willingness to spend.** Nationally, consumers' discretionary spending, which is spending on items consumers want rather than items they need, increased 17.2% annually as of July 7, 2014. Consumer confidence is critical to the economy because the consumer accounts for approximately two-thirds of total economic activity. The Committee's retail representative reported at the April meeting that while overall unit sales were down, sales of luxury items such as watches and diamonds were up. He also noted that younger consumers are less interested in acquiring luxury goods than older consumers, a trend that is necessitating a shift in marketing strategy.

- **The County's June 2014 unemployment rate of 6.5% is higher than both the State and national rates;** however, it is a significant improvement from the June 2013 rate of 7.4%. The Committee's employment representative noted at the April meeting that companies are once again converting temporary workers to full-time employees, which is a positive sign. In addition, Committee members noted that the County is seeing some job growth in the healthcare, distribution, and software industries.

- **Local residential real estate prices are slowly rising, and the Committee's residential real estate representative reported that the number of distressed property sales in the Baltimore region has declined.** The residential real estate representative further noted that twice as many homes in Baltimore County sold for more than $800,000 in June 2014 than in June 2013, and while the total number of units sold declined, June 2014 was still the third best month since June 2007. The number of pending sales in June 2014 was up slightly from the previous year, and there is general optimism that summer sales will be strong. Due to the increased number of residential real estate transactions in the region, County property-related transaction tax revenues grew significantly in FY 2013. These revenues then declined slightly in FY 2014 and are projected to increase modestly in FY 2015.

NATIONAL ECONOMIC INDICATORS

In 2014:Q2, the U.S. economy grew at an annualized rate of 4.0%.

Real U.S. Gross Domestic Product (GDP) in 2014:Q2 increased at an annualized rate of 4.0%. 2014:Q2's performance is a rebound from the unexpected 2014:Q1 contraction of 2.1%, which many economists attribute to the harsh winter weather, and it represents the continuation of moderate growth seen in the economic recovery. The major factors contributing to the acceleration in 2014:Q2 were a 17.0% increase in private domestic investment and a 2.5% increase in consumer spending. Additionally, government consumption expenditures increased by 1.6% in 2014:Q2, the largest increase since 2012:Q3 and primarily attributable to state and local government expenditures, which increased by 3.1% in 2014:Q2. Further, exports of goods and services grew by 9.5% annually in 2014:Q2 but were partially offset by growth in imports of 11.7% during the same period. For all of 2013, real GDP grew by 2.2%, a slight deceleration from the 2.3% growth experienced in 2012 but exceeding the 10-year average growth of 1.7%. The May 2014 release of the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters* projects real GDP growth of 2.4% for all of 2014, followed by an acceleration of the estimate for growth in 2015 to 3.1%. The *Survey of Professional Forecasters* projects GDP growth to remain around 3.0% for the foreseeable future; while significantly below growth rates above 4.0% in the late 1990s, 3.0% may signal the "new normal" of expected positive economic growth.

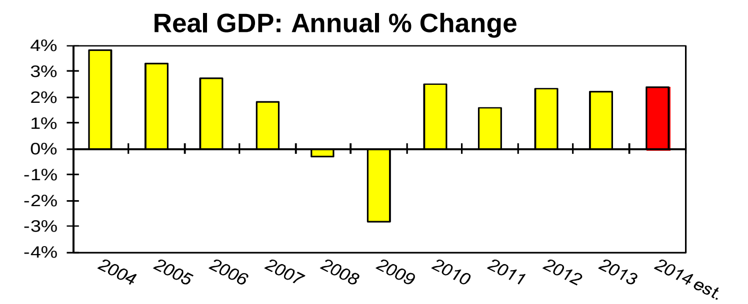
After growing by 2.2% in 2013, real GDP is projected to grow to 2.4% in 2014, and accelerate to 3.1% in 2015.

Real consumer spending, which accounts for roughly two-thirds of all U.S. economic activity, continues to show positive growth, increasing 2.4% for all of 2013, the fourth consecutive yearly increase following two consecutive decreases. As noted, consumer spending accelerated during 2014:Q2, increasing at an annualized rate of 2.5% following an increase of 1.2% in 2014:Q1. From 2014:Q1 to 2014:Q2, consumer spending on durable goods saw the strongest increase, accelerating from 3.2% to 14.0%. Over the same period, growth in consumer spending on non-durable goods accelerated from 0% to 2.5%, while consumer spending on services slightly decelerated from 1.3% to 0.7%. The *Survey of Professional Forecasters* projects that consumer spending will increase by 2.8% for all of 2014.

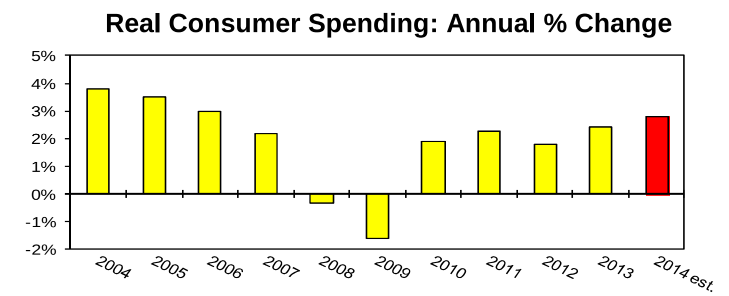
Real consumer spending grew at an annualized rate of 2.5% in 2014:Q2.

Consumer confidence, based on a survey of 5,000 U.S. households by The Conference Board (a well-known economic research organization), increased in July following increases in May and June, with the "Expectations Index" responsible for a majority of the increase. The Conference Board noted, "Strong job growth helped boost consumers' assessment of current conditions, while brighter short-term outlooks for the economy and jobs, and to a lesser extent personal income, drove the gain in expectations." The Board further reported, "Recent improvements in consumer confidence, in particular expectations, suggest the recent strengthening in growth is likely to continue into the second half of this year."

Consumer confidence increased in July and is now at its highest level since October 2007.



Estimate Source: *Survey of Professional Forecasters*, May 2014



Estimate Source: *Survey of Professional Forecasters*, May 2014

The Federal Reserve's Federal Open Market Committee (FOMC) held interest rate targets between 0% and 0.25% at its July 30, 2014 meeting.

Interest rate targets were maintained between 0% and 0.25% at the July 30, 2014 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 is expected to remain in place until maximum employment is reached or until long-term inflation exceeds 2.0%. The FOMC stated that growth in economic activity rebounded in the second quarter and added that while household spending and business fixed investment improved, recovery in the housing market remains slow. Further, the FOMC noted that "a range of labor market indicators suggests that there remains significant underutilization of labor resources" and that "fiscal policy is restraining economic growth, although the extent of restraint is diminishing." The FOMC advised that "with appropriate policy accommodation, economic activity will expand at a moderate pace, with labor market indicators and inflation moving towards levels the Committee judges consistent with its dual mandate." Short-term inflation has begun to move somewhat closer to the FOMC's 2.0% objective and long-term inflation expectations remain stable. Beginning in August, the FOMC will further reduce its pace of purchases of both agency mortgage-backed securities and Treasury securities by $5 billion per month each, down to a pace of $10 billion per month and $15 billion per month, respectively.

The FOMC expects long-term inflation to remain stable, and advises that "with appropriate policy accommodation" moderate economic growth is expected. The FOMC believes that federal fiscal policy is restraining growth, although the extent of restraint is diminishing.

INTEREST RATE CHANGE FROM JUNE 2013 TO JUNE 2014

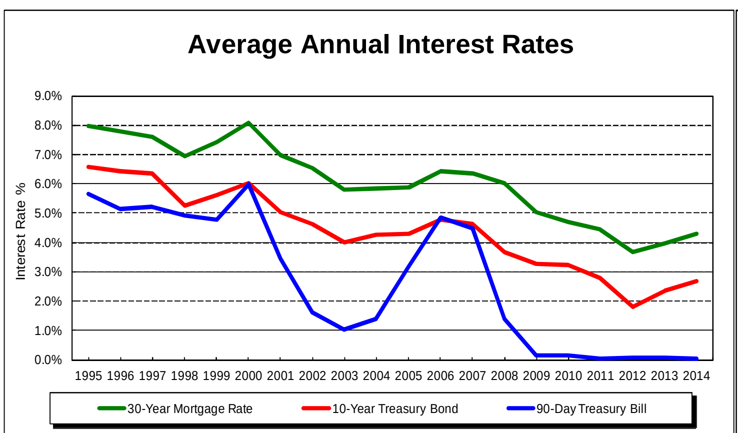
	Basis Points*
90-Day Treasury Bills	-1
10-Year Treasury Bonds	30
30-Year Conventional Mortgage	9

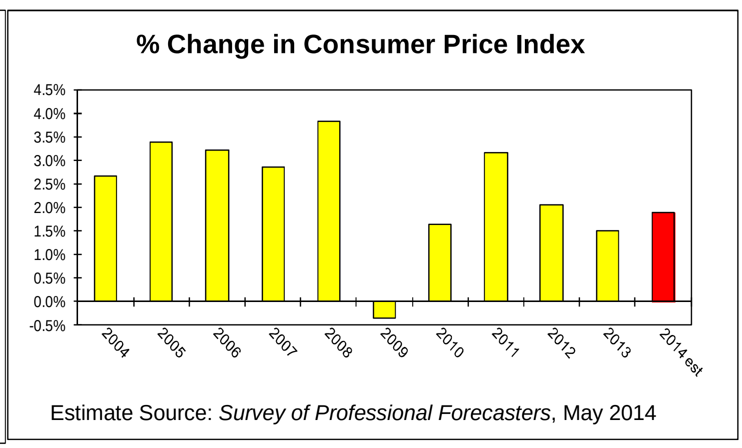
* A basis point is equal to .01 percentage point.

Short-term interest rates are likely to stay near 0%. While the FOMC will likely continue to reduce its pace of asset purchases, it expects to maintain the current interest rate target range beyond the end of the purchase program, provided that inflation remains below targeted levels.

From June 2013 to June 2014, consumer inflation was 2.1%. Inflation is forecast at 1.9% and 2.1% for CY 2014 and CY 2015, respectively.

Inflation, as measured by the Consumer Price Index-All Urban Consumers (CPI-U), was 2.1% over the June 2013 to June 2014 period. This modest price growth is largely driven by increases in medical care and medical care services. Core inflation (which excludes food and energy inflation) was 1.9% over the June 2013 to June 2014 period. For CY 2013 the CPI-U increased by 1.5%, following an increase of 2.1% in CY 2012. The current year-over-year inflation CPI-U forecast for CY 2014 is 1.9%, followed by 2.1% for CY 2015, according to the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters*, May 2014. The *Survey* projects that annual inflation will average 2.3% over the 2014 to 2023 period, after an actual increase of 2.4% over the 2004 to 2013 period.





LOCAL ECONOMIC PERSPECTIVE

EMPLOYMENT

County employment has surpassed pre-recession levels; however, year-over-year employment growth has been slow in the first half of 2014.

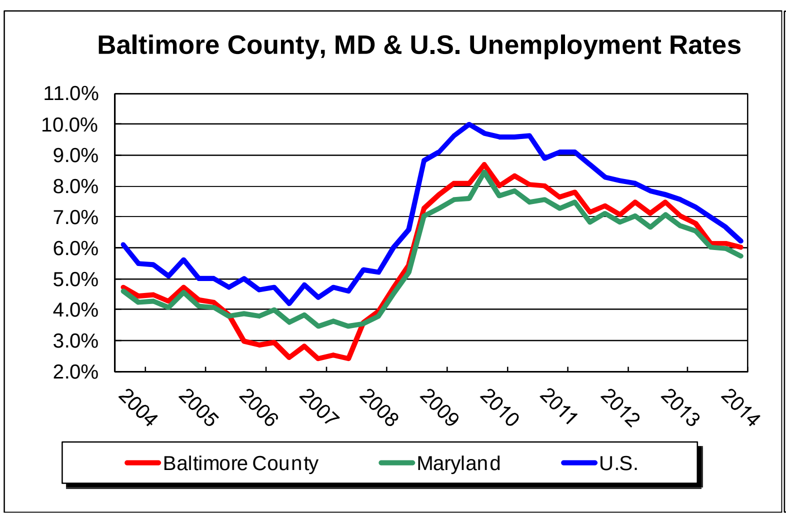
Employment, as measured by place of residence, is increasing on a year-over-year basis in both Baltimore County and Maryland, with the County's employment growth outpacing the State's growth. Over the June 2013 to June 2014 period, Baltimore County residential employment increased by 1,947 persons, or 0.5%, while Maryland residential employment increased by 1,840 persons, or 0.1%. Even as the number of new jobs created in the County exceeded that of the State on a year-over-year basis for the month of June, the County's growth rate throughout the first half of 2014 has been slow. While County residential employment has surpassed pre-recession levels, a higher rate of employment growth is needed to support the County's economy and to continue to keep pace with population growth.

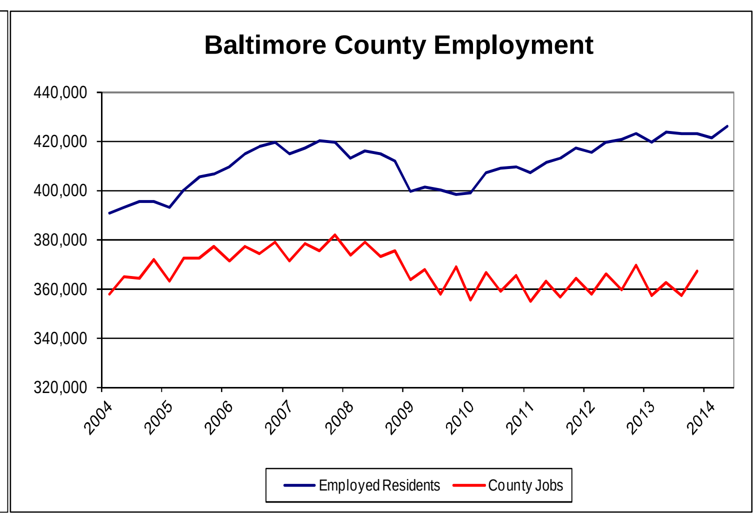
The number of County jobs decreased by 0.6% over the 2012:Q4 to 2013:Q4 period, while County employer payrolls fell 1.2%. Positive job growth is anticipated for 2014.

Jobs data, as measured by place of work, show that from 2012:Q4 to 2013:Q4, the number of jobs in Maryland increased by 0.6% and the number of jobs in Baltimore County decreased by 0.6%, as Baltimore County employers shed approximately 2,125 positions. Payrolls fell 1.2% in Baltimore County and 0.5% at the State level. Nationally, non-farm payrolls increased by approximately 2.4 million jobs, or 1.8%, from 2013:Q2 to 2014:Q2. The pace of job growth has increased in recent months, with the nation adding an average of 252,900 jobs per month in 2014:Q2, up from an average of 169,000 jobs per month in 2014:Q1, a period marked by unusually severe winter weather in much of the country. Sage Policy Group, Inc. (the Spending Affordability Committee's economic consultant) predicts job growth of 1.0% and 0.8% in the County and Maryland, respectively, in CY 2014, with both forecasts falling short of anticipated national job growth of 1.8%. These forecasts do, however, exceed anticipated CY 2014 population growth of 0.5% and 0.6% in the County and Maryland, respectively, which is a positive sign for the regional economy.

The County's June 2014 unemployment rate was 6.5%, higher than both the State and the national unemployment rates.

The unemployment rate among County residents was 6.5% in June 2014, down from 7.4% a year earlier, but above the current State rate of 6.2%. In addition to the year-over-year increase in employed residents, the decreased unemployment rate for the County is attributable to the continued decline in the labor force, which from June 2013 to June 2014 fell by 2,245 workers. As of June 2014, the County was tied with two other jurisdictions for the 14th lowest unemployment rate among the 24 local jurisdictions in Maryland. Excluding Baltimore City, the June 2014 Towson MSA unemployment rate was 5.9%. Nationally, the seasonally adjusted unemployment rate was 6.1% in June 2014, down from the June 2013 rate of 7.5% and the lowest national unemployment rate since September 2008.





PERSONAL INCOME

The Spending Affordability Committee's economic consultant recently projected that County personal income growth was 2.62% in FY 2013, and will be 1.75% in FY 2014 and 4.67% in FY 2015.

Sage Policy Group, Inc. (Sage), the Spending Affordability Committee's economic consultant, estimates in its July 2014 report that Baltimore County's personal income (PI) grew by 1.75% in FY 2014 and by 2.62% in FY 2013. These rates represent a deceleration from the FY 2012 estimated growth rate of 4.41%. Sage estimates that Maryland's PI increased by 1.80% in FY 2014, a deceleration from its estimated growth of 2.48% in FY 2013. Longer term, Sage expects FY 2015 PI growth in Baltimore County to be 4.67%, which, while reflecting anticipated notable improvement, is 29 basis points below Sage's previous (January 2014) FY 2015 forecast of 4.96%. Sage forecasts 4.72% PI growth for Maryland for FY 2015.

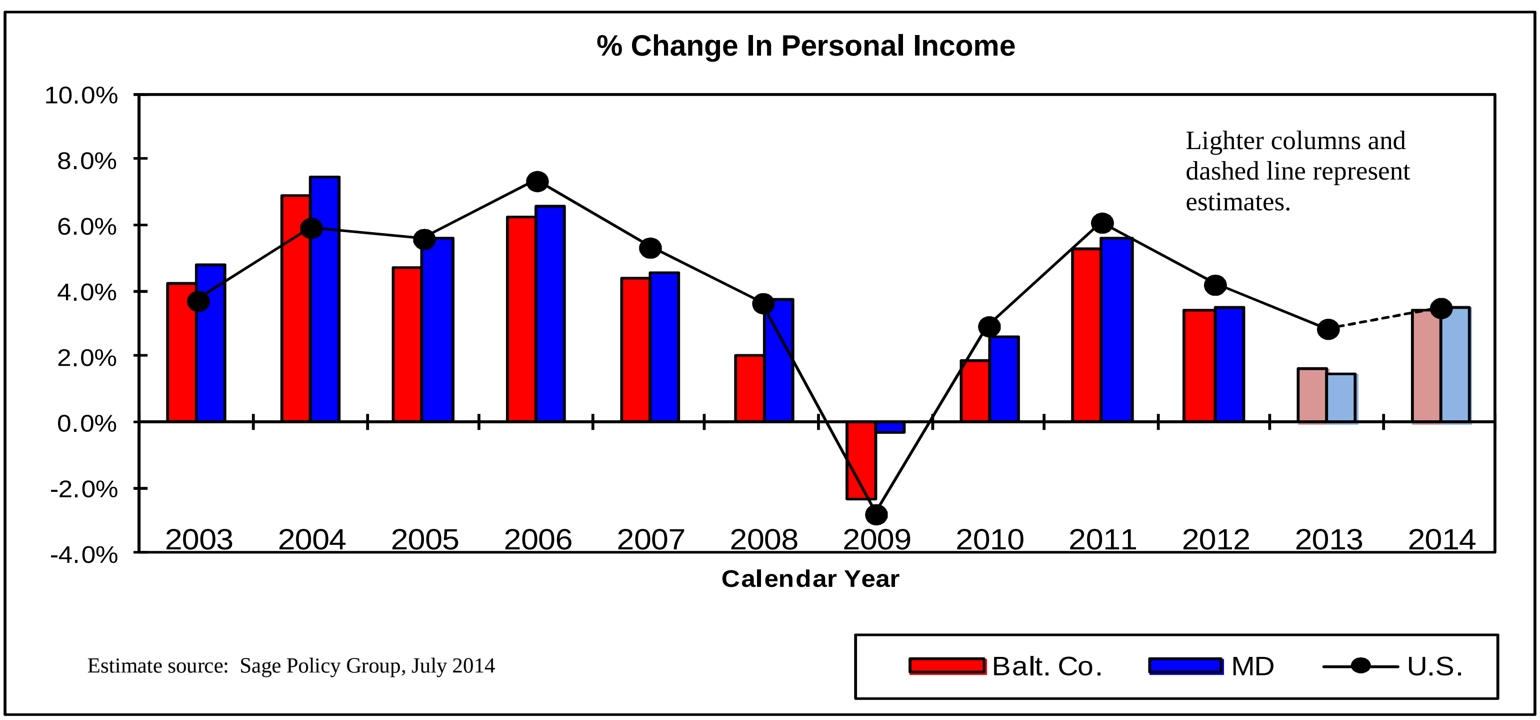
Over the last decade, personal income growth in the County has lagged growth at both the state and national levels.

Over the 2002 to 2012 period, PI in Maryland increased 53.7%, a faster pace than both national PI growth of 50.2% and Baltimore County PI growth of 43.0%. The most recent quarterly reading for Maryland shows that PI increased by 0.7% from 2013:Q4 to 2014:Q1, slightly less than the national PI increase of 0.8% over the same period. (County data are reported annually.) Nationally, in 2014:Q1, wages and salaries comprised 50.6% of PI. Old-age/disability/health insurance benefits, which now make up 13.1% of PI, have seen an increase of 4.5% since 2013:Q1. Meanwhile, unemployment benefits have decreased 41.7% over the same time period and now represent only 0.3% of PI, presumably an encouraging sign for employment and the economy. The Federal Reserve reported that nominal household wealth grew by 1.9% from 2013:Q4 to 2014:Q1 and increased 13.4% during CY 2013. A consistently climbing stock market and the continued housing recovery were the primary contributors to this growth.

The nation's nominal household wealth grew by 1.9% during 2014:Q1 and increased 13.4% during CY 2013.

The County's Spending Affordability Committee recommended a spending growth limit of 3.87% for FY 2015.

For FY 2015, the County's Spending Affordability Committee recommended a maximum spending growth rate of 3.87% based on a 5-year average of Sage's January 2014 estimates/forecasts of annual County PI growth for FY 2011 to FY 2015. Sage's July 2014 forecasts of annual County PI growth for FY 2016 and FY 2017 are 4.86% and 5.03%, respectively. Based solely on these forecasted rates and the estimated growth in prior years, the projected maximum spending growth recommendation would be 3.66% for FY 2016 and 3.79% for FY 2017.



EXISTING HOME SALES

In June 2014, the number of existing home sales totaled 831, a decrease of 1.4% from a year earlier but an increase of 14.0% from May 2014.

Existing home sales in Baltimore County totaled 8,263 units in FY 2014, 14.6% above FY 2013 sales. Year-over-year home sales have retreated during CY 2014, with negative or flat growth each month. However, home sales have accelerated month-over-month since the harsh winter weather ended. In June 2014, 831 homes were sold, an increase of 102 over May 2014, but a decrease of 12 from June 2013. The median price of an existing home sold in June 2014 was $236,000, up 4.9% from June 2013. At the same time, the active inventory in June 2014 increased 20.2% from June 2013. In July 2014, the BCEAC residential real estate representative reported mostly positive news for the local housing market. He noted that although the number of homes sold was slightly down from a year earlier, June 2014 saw the third highest monthly total since June 2007. He further reported that the average price for June 2014 was up 11.1% from a year earlier; however, that number is slightly skewed as the number of homes sold over $800 thousand was double the amount of homes sold over $800 thousand during June 2013.

The median price of existing homes sold in Baltimore County increased 4.9% between June 2013 and June 2014.

The number of pending home sales in June 2014 increased by 2.9% from a year earlier. Distressed sales in the County have been decreasing.

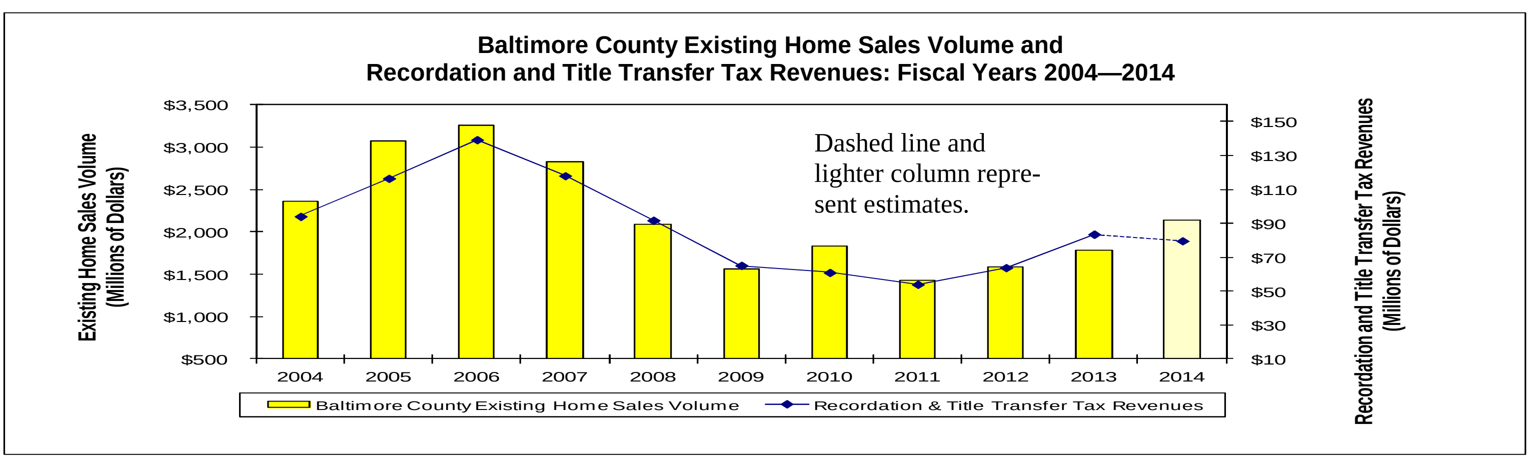
Pending existing home sales in June 2014 totaled 920, an increase of 26, or 2.9%, over the total in June 2013, following a 0.6% year-over-year decrease in May 2014. Further, the BCEAC residential real estate representative reported that the number of distressed sales in the County experienced the largest decrease in the Baltimore Metropolitan area, a positive sign for the local housing market.

Reflecting higher median home prices and slightly higher mortgage interest rates, the monthly mortgage payment for a median-priced County home increased 6.1% in June 2014 compared to June 2013.

Mortgage interest rates (for 30-year conventional mortgages) in June 2014 were 4.16%, up 9 basis points from June 2013 when rates were 4.07%. Over this same period, the median price of an existing home sold in Baltimore County increased 4.9%, compared to a decrease of 0.2% for Maryland. The monthly payment for a median-priced Baltimore County home (financed with a 30-year conventional mortgage loan) was $1,149 in June 2014, an increase from the June 2013 level of $1,083 (principal and interest only), due to an increase in median price and a slight increase in mortgage interest rates. Mortgage rates are expected to increase modestly over the remainder of CY 2014.

Property-related transaction tax revenues are expected to decline in FY 2014 by 4.7%. The modest drop follows strong growth in FY 2012 and 2013 of 18.3% and 30.8%, respectively.

Property-related transaction tax revenues (recordation and title transfer tax revenues) totaled $83.6 million in FY 2013, an increase of 30.8% from FY 2012 collections, but 40.0% lower than peak collection levels experienced in FY 2006. FY 2014 property-related transaction tax revenues are expected to total $79.7 million, down 4.7% from FY 2013 levels. These revenues are expected to increase in FY 2015 to $84.0 million, or by 5.4%, largely due to the increasing strength of the housing market coupled with relatively low mortgage interest rates.



CONSTRUCTION

The total value of construction permits issued in 2014:Q1 was $105.9 million, the second lowest total quarterly value since 1996:Q4.

Construction is among the most volatile components of the County's economy. Winter weather had an adverse effect on most sectors of the economy in 2014:Q1 and may have been particularly harsh on the construction sector. All categories of total permits issued and total permit value were down significantly from 2013:Q1. Construction permits issued in Baltimore County in 2014:Q1 totaled $105.9 million, $59.6 million, or 36.0%, below 2013:Q1. 2014:Q1 was the second lowest total quarterly value since 1996:Q4 and represents a decrease of 41.5% from 2013:Q4. This permit valuation is also 33.7% below the 7-year average of 1st quarter activity. New residential construction decreased to $25.6 million in 2014:Q1, down $22.3 million, or 46.5% from 2013:Q1. New non-residential construction was cut nearly in half to $11.9 million in 2014:Q1, a decrease of $11.5 million, or 49.2%, from 2013:Q1. Three new non-residential construction permits valued above $1.0 million were issued in the County in 2014:Q1, including permits for a 4-story office building and garage in Pikesville valued at $6.5 million, a community center in Cockeysville valued at $3.0 million (County-owned), and a restaurant in Randallstown valued at $1.3 million.

Additions, alterations, and repairs activity in 2014:Q1 fell 27.3% from a year earlier to $68.3 million.

Additions, alterations, and repairs (AAR) activity in 2014:Q1 totaled $68.3 million, down $25.7 million, or 27.3%, from 2013:Q1 and 25.9% below the 7-year average of 1st quarter activity. The total value of residential AAR permits fell 19.6% from 2013:Q1 to 2014:Q1, and the value of non-residential AAR permits fell 29.2% over the same period.

In 2014:Q1, the total number and dollar value of new residential building permits decreased 60.7% and 46.5%, respectively, compared to a year earlier.

New residential building permit data show that the total number of permits issued in 2014:Q1 decreased 60.7% from the number issued in 2013:Q1. No multi-family unit permits were issued in 2014:Q1, compared to 192 during 2013:Q1, while single-family unit permits decreased from 162 to 139. The total dollar value of the new residential building permits issued in 2014:Q1 decreased $22.3 million, or 46.5%, from 2013:Q1 values, following an 8.1% year-over-year decrease in 2013:Q4. The value of new residential building permits in 2014:Q1 is 43.1% below the 7-year average of 1st quarter activity and reflects the severity of the winter weather.

Construction employment represented 6.1% of County jobs in 2013:Q4.

Construction employment represented 6.1% of County jobs and had an average wage rate 20.7% above the County average in 2013:Q4 (the most recent data available).