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BALTIMORE COUNTY FISCAL DIGEST

GENERAL FUND REVENUES & THE ECONOMY

Baltimore County, Maryland

March 30, 2014

BALTIMORE COUNTY, MARYLAND
OFFICE OF THE COUNTY AUDITOR

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April 14, 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 March 30, 2014. This report summarizes current economic conditions affecting the County and updates the FY 2014 and 2015 General Fund revenue estimates that were provided in the FY 2015 Spending Affordability Committee Report.

Over the last two months, projections for FY 2014 General Fund revenues decreased by $17.8 million. This change was due mostly to a reduction in the income tax forecast, based on a lower-than-expected fourth quarter income tax distribution that was received in late February. Officials in the State Comptroller's Office attribute the drop to a combination of a weak labor market, stagnant wage growth, and the federal government's budget issues that turned from sequestration to shutdown in October. The next income tax distribution, which will be received in late May, is also expected to be modest due to the economic drag of the harsh winter; therefore, a reduction in our growth projection is warranted. Our forecast for property-related transaction taxes is also reduced. Revenue from recordation taxes, and to a lesser extent transfer taxes, slowed over the past few months, likely due in part to the winter weather. While real estate activity is expected to increase in the spring, the growth will not be sufficient to reach the previous forecast.

Despite the forecast reduction, FY 2014 General Fund revenues remain favorable. The estimated total of $1,741.5 million reflects an increase of $39.7 million, or 2.3%, over FY 2013 collections and $56.5 million, or 3.4%, over FY 2014 budgeted revenues. This additional revenue should allow the County to meet its FY 2014 budget with current year revenues without drawing on surplus funds. By June 30, 2014, the Unassigned General Fund Balance (Surplus) is projected to be $266.2 million, an increase of $56.3 million over the audited June 30, 2013 balance of $209.9 million, not including an additional $85.0 million in the Revenue Stabilization Reserve Account (Rainy Day account).

FY 2015 General Fund revenues are projected to total $1,741.5 million, flat compared to the revised FY 2014 estimate. However, the flat projection for FY 2015 is somewhat misleading. Income tax revenue is projected to fall, but only due to what are thought to be one-time revenues in FY 2014 related to capital gains. Baseline income tax growth is expected to continue, albeit modestly, as the economy continues its slow recovery. Property tax and property-related transaction taxes are both projected to increase slightly, indicative of the real estate market's tepid recovery.

The 2014 General Assembly session, from the local government perspective, was largely uneventful. State Aid to the County in FY 2015 will increase slightly, but most of the reductions implemented in recent years continue. One significant and relatively unexpected piece of fiscal legislation that did pass was a provision in the FY 2014 Supplemental Budget that provided the County with approximately $1.2 million in assistance for pothole repairs necessitated by this past winter. The County is also anticipating some federal assistance related to snow removal costs. While the additional State and federal funds are beneficial, they represent only a portion of the County's costs related to the winter weather. Neither the State nor the federal funds are included in any of our revenue estimates as it is not known where they will be assigned.

The opinions about the local economy expressed at the April meeting of the Baltimore County Economic Advisory Committee are similar to what the County is seeing in its revenues: constrained growth. For example, the real estate market is showing signs of life, but a strong recovery is constrained by the high number of distressed properties available. The labor market is improving, but the mismatch in the skills of the unemployed versus the skills in demand by employers limits further reductions in the unemployment rate. The economy seems poised for stronger growth, but various impediments to growth persist.

We will continue to monitor economic activity and revenue collections, as well as developments with the State and federal governments. Our next update will include revised revenue projections for FY 2014 and FY 2015 and will coincide with our office's budget overview presentation to the Council, scheduled for April 29, 2014.

Respectfully submitted,

Lauren M. Smelkinson

Lauren M. Smelkinson, CPA
County Auditor

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

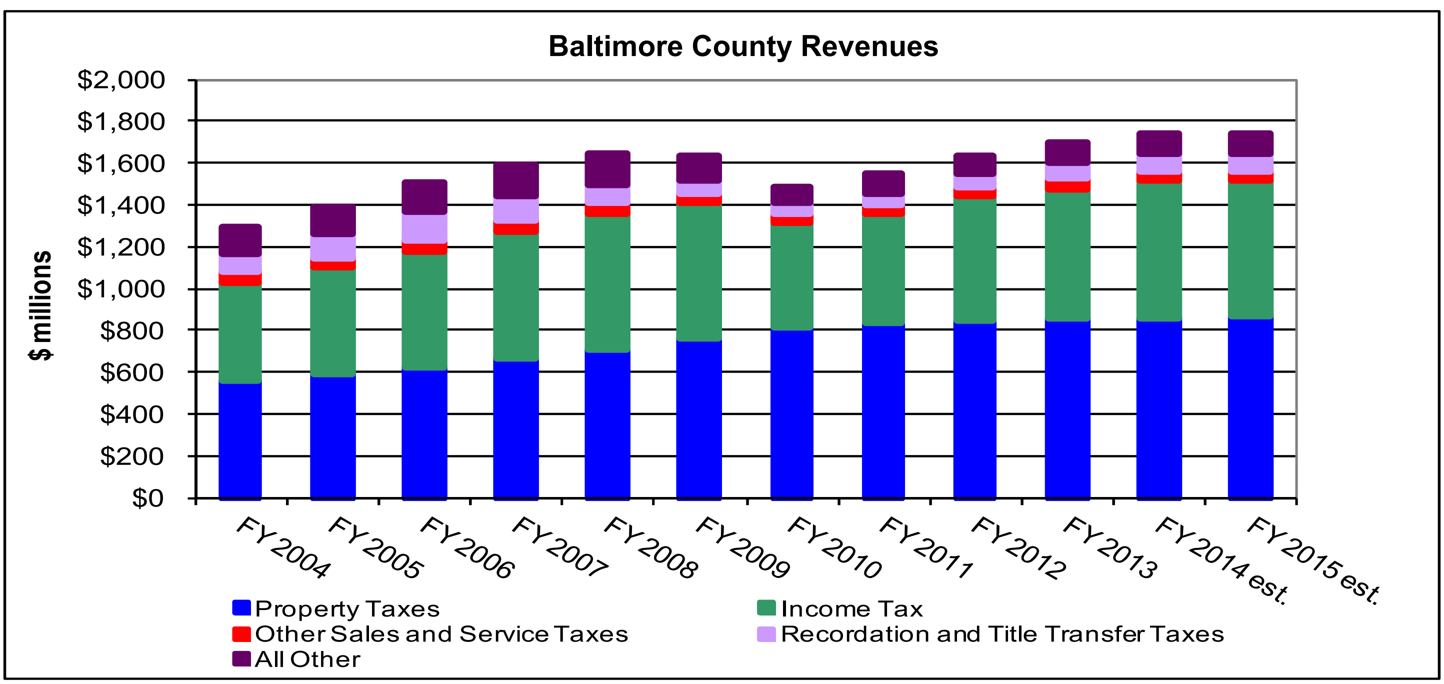
REVENUE HIGHLIGHTS

Unassigned General Fund Balance (Surplus) as of June 30, 2013 totaled $209.9 million, or 12.2% of the FY 2014 General Fund budget. This amount does not include $39.5 million that was assigned as a source of funding for the FY 2014 budget. In addition to the Surplus balance, the Revenue Stabilization Reserve Account (Rainy Day account) balance totaled $85.0 million as of June 30, 2013. The Surplus balance and Rainy Day amounts together total $294.9 million, or 17.1% of the FY 2014 General Fund budget.

FY 2014 General Fund revenues through early March totaled $1,359.3 million, approximately $25.7 million, or 1.9%, above collections over the same approximate 8-month period the prior year. This increase is due to a year-to-date gain in income tax revenue of $30.2 million, which primarily reflects the collection of a reconciling distribution in November that was $29.1 million higher than in the previous year. The increase in income tax revenue more than offsets the only other significant year-to-date change, a $3.5 million drop in property-related transaction tax (i.e., recordation and title transfer tax) revenues.

FY 2014 General Fund revenues for the entire year are expected to total $1,741.5 million, up approximately $39.7 million, or 2.3%, from FY 2013 revenue totals. This projection represents an over-attainment of $56.5 million, or 3.4%, above FY 2014 budgeted revenues. The projected 2.3% revenue increase in FY 2014 primarily reflects the previously mentioned reconciling income tax distribution received in November. While a large portion of the growth in income tax revenue is likely one time, a significant component is likely ongoing, a result of the economic recovery. Property tax revenues in FY 2014 are expected to be flat due to falling assessments offset by capturing revenue growth deferred by the Homestead 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. The State aid reductions implemented in recent years are generally continuing in FY 2014; however, $3.6 million in police aid was restored.

FY 2015 General Fund revenues are projected to be $1,741.5 million, or flat compared to the revised FY 2014 revenue estimate, and $56.5 million, or 3.4%, over budgeted FY 2014 revenues. The flat projection for FY 2015 General Fund revenues is due to an anticipated decrease in income tax revenue combined with slight increases in property tax and property-related transaction tax revenues. Income tax revenue in FY 2015, while expected to drop from current-year amounts due to the unlikelihood that such a high November distribution will recur, is forecast to be 3.0% greater than FY 2013 actual collections due to the continued economic recovery. Property tax revenues are expected to increase slightly due to the aforementioned positive effects of the Homestead Property Tax Credit, and the State's recent reassessment of the County's central region that grew, albeit modestly. This reassessment is the first to reflect positive growth in four years. 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 reductions implemented in recent years are generally expected to continue in FY 2015; however, the General Fund will continue to receive the $3.6 million in police aid restored last year.



REVENUE FORECAST & ECONOMIC OUTLOOK

FY 2014 General Fund revenue growth represents a continued rebound from the pronounced decline in FY 2010 resulting primarily from gains in income tax revenues. FY 2015 revenues are expected to be on par with FY 2014 revenues, 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%	$ 854.0	0.0%	$ 869.0	1.8%
Income Tax	624.1	5.2%	662.0	6.1%	643.0	-2.9%
Sales & Service Taxes	44.5	2.8%	44.5	0.0%	44.5	0.0%
Recordation Tax	30.6	50.0%	27.0	-11.8%	28.0	3.7%
Title Transfer Tax	53.0	21.8%	54.0	1.9%	56.0	3.7%
Intergovernmental	37.7	19.7%	42.2	11.9%	43.0	1.9%
All Other	58.0	9.6%	57.8	-0.3%	58.0	0.3%
Total Revenue	$ 1,701.8	4.4%	$ 1,741.5	2.3%	$ 1,741.5	0.0%

The Baltimore County Economic Advisory Committee (BCEAC) expressed a lack of enthusiasm with respect to the local economy at its April 2014 meeting, noting that while many sectors are showing some growth, the recovery process remains slow. The Committee observed that the local residential and commercial real estate markets continue to show signs of improvement and that some industries are looking to hire. On the other hand, it was noted that layoffs, which had been slowing down in the last few months of 2013, have picked up again in 2014, and that the harsh winter weather led to reduced foot traffic for local retailers. Looking forward, the Committee expressed mixed sentiments and modest growth expectations in its outlook for the remainder of 2014. Members' near-term outlook reflects the following factors:

- **Recent retail reports indicate that consumers are showing an increased willingness to spend.** Nationally, consumers' discretionary spending, which is spending on things consumers want rather than things they need such as housing or food, increased 21.4% from March 2013 to March 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 that while overall unit sales were down through the winter, 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 unemployment rate remains higher than the State average, but has fallen below the national average.** The Committee's employment representative noted that companies are once again converting temporary workers to full-time employees, which is a positive sign. In addition, it was noted that the County is seeing some job growth in the healthcare, distribution, and software industries. However, the Committee observed that some companies that are looking to hire are having difficulty finding the skill sets they need.

- **Local residential real estate prices are slowly rising, though the Committee's residential real estate representative reported that the large number of distressed properties on the market continues to hinder the overall recovery.** It was noted that while the characteristics of market activity are very different around the County, overall home sales in 2014:Q1 were level with 2013:Q1 sales, which is considered a positive performance considering the harsh winter weather. The number of pending sales in March 2014 was significantly ahead of March 2013 totals, and there is general optimism that the spring selling season 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 are expected to decline slightly in FY 2014, followed by a modest increase in FY 2015.

NATIONAL ECONOMIC INDICATORS

In 2013:Q4, the U.S. economy grew at an annualized rate of 2.6%.

Real U.S. Gross Domestic Product (GDP) in 2013:Q4 increased at an annualized rate of 2.6%. While 2013:Q4's performance is a deceleration from the 2013:Q3 increase of 4.1%, it represents the continuation of moderate growth seen in the economic recovery. The major factors contributing to the acceleration in 2013:Q4 were increases in private domestic equipment investment, which increased 10.9%, and a continually shrinking trade deficit as exports increased 9.5%. Despite a recently reached federal budget agreement, the effects of the federal sequestration continue to damper the pace of overall economic recovery. 2013:Q4's federal spending decrease of 12.8% was the fifth consecutive quarterly decrease and was substantially more severe than the quarterly decreases in 2013:Q3 and 2013:Q2 of 1.5% and 1.6%, respectively. For all of 2013, real GDP grew by 1.9%, a deceleration from the 2.8% growth experienced in 2012 but exceeding the 10-year average growth of 1.8%. The February 2014 release of the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters* projects real GDP growth of 2.8% 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 of 4.0% in the late 1900's, 3.0% may signal the "new normal" of expected positive economic growth.

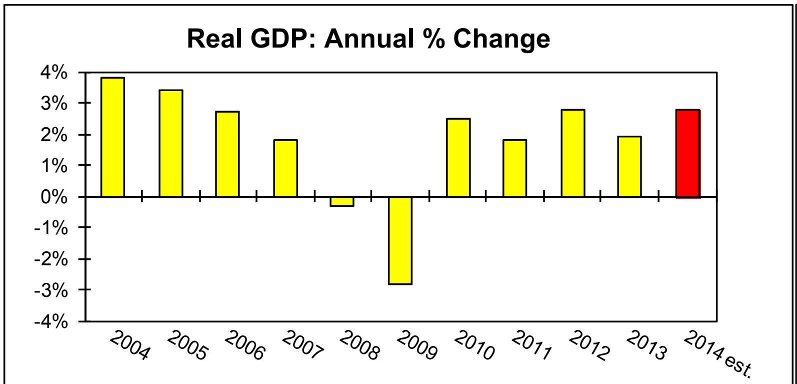
After growing by 1.9% in 2013, real GDP growth is projected to accelerate to 2.8% in 2014, followed by an increase of 3.1% in 2015.

Real consumer spending grew at an annualized rate of 3.3% in 2013:Q4.

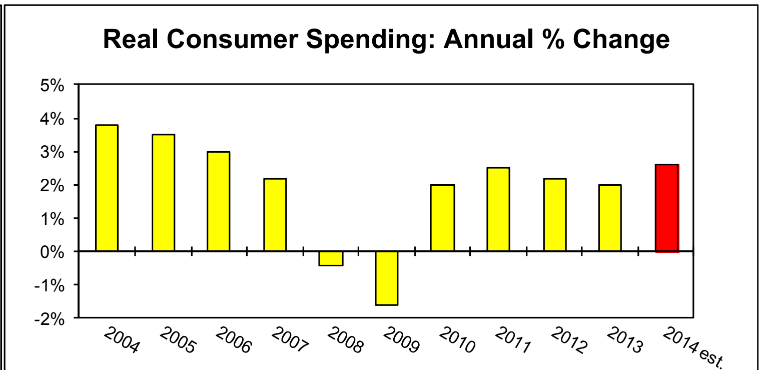
Real consumer spending, which accounts for roughly two-thirds of all U.S. economic activity, continues to show positive growth, increasing 2.0% for all of 2013, the fourth consecutive yearly increase following two consecutive decreases. Consumer spending accelerated during 2013:Q4, increasing at an annualized rate of 3.3% following an increase of 2.0% in 2013:Q3. From 2013:Q3 to 2013:Q4, consumer spending on services saw the strongest increase, accelerating from 0.7% to 3.5%. Over the same period, growth in consumer spending on durable goods decelerated from 7.9% to 2.8%, while consumer spending on non-durable goods had an equal growth rate of 2.9%. The *Survey of Professional Forecasters* projects that consumer spending will increase by 2.6% for all of 2014.

Consumer confidence rebounded in March following a moderate decrease in February.

Consumer confidence, based on a survey of 5,000 U.S. households by The Conference Board (a well-known economic research organization), rebounded in March following a moderate decrease in February, with an increase in the "Expectations Index" compensating for a small decrease in the "Present Situation Index." The Conference Board noted "while consumers were moderately more upbeat about future job prospects and the overall economy, they were less optimistic about income growth." The Board further reported that for the long-term, "consumers expect the economy to continue improving and believe it may even pick up a little steam in the months ahead."



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



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

The Federal Reserve's Federal Open Market Committee (FOMC) held interest rate targets between 0% and 0.25% at its March 19, 2014 meeting.

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 targets were maintained between 0% and 0.25% at the March 19, 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 unemployment falls below 6.5% or until long-term inflation exceeds 2.5%. The FOMC stated that economic activity slowed during the winter months, partly due to weather conditions, and noted that while labor market conditions, household spending, and business investment have shown further improvement, the unemployment rate remains elevated, and recovery in the housing sector remains slow. The FOMC noted that fiscal policy continues to restrain economic growth, although the extent to which it does so is diminishing. The FOMC advised that "with appropriate policy accommodation, economic activity will expand at a moderate pace and labor market conditions will continue to improve gradually…." Long-term inflation expectations remain stable, but short-term inflation continues to be somewhat below the FOMC's 2% objective and will be monitored further. Beginning in April, the FOMC will further reduce its pace of purchases of both agency mortgage-backed securities and Treasury securities by $5 billion per month each.

INTEREST RATE CHANGE FROM FEBRUARY 2013 TO FEBRUARY 2014

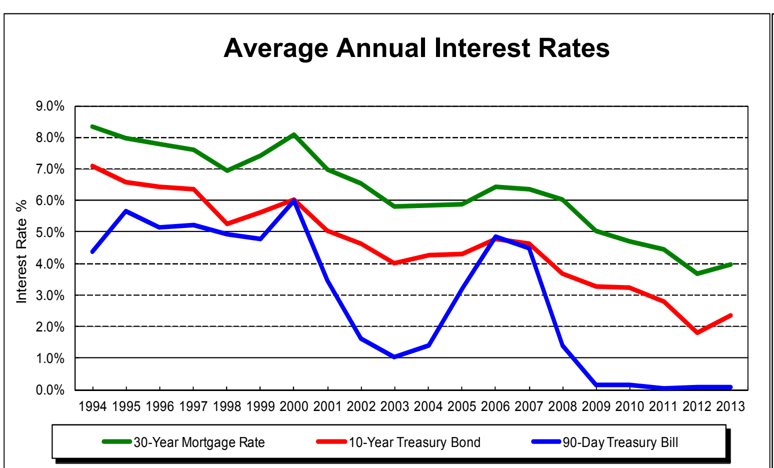
	Basis Points*
90-Day Treasury Bills	-5
10-Year Treasury Bonds	73
30-Year Conventional Mortgage	77

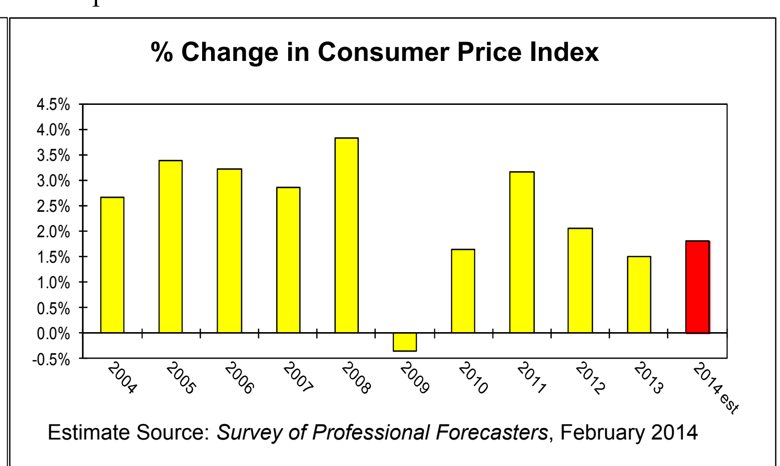
* A basis point is equal to .01 percentage point.

Short-term interest rates are likely to stay near 0%. Economic conditions such as a persistently 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.

From February 2013 to February 2014, consumer inflation was 1.1%. Inflation is forecast at 1.8% and 2.0% for CY 2014 and CY 2015, respectively.

Inflation, as measured by the Consumer Price Index-All Urban Consumers (CPI-U), was 1.1% over the February 2013 to February 2014 period. This modest price growth is largely driven by increases in housing and medical care services. Core inflation (which excludes food and energy inflation) was 1.6% over the February 2013 to February 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 1.8%, followed by 2.0% for CY 2015, according to the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters*, February 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 has fallen in three out of the last four months.

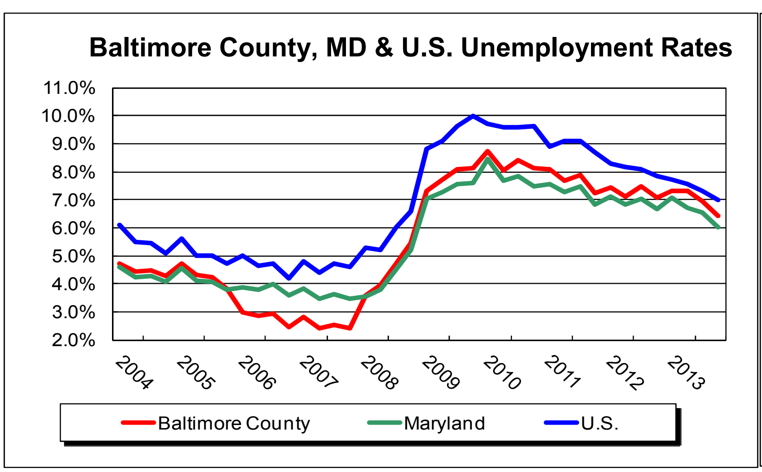
Employment, as measured by place of residence, was little changed in January 2014 compared to a year earlier in both Baltimore County and Maryland. Over the January 2013 to January 2014 period, Baltimore County residential employment decreased by 117 persons, remaining essentially flat, while Maryland residential employment increased by 14,178 persons, or 0.5%. Year-over-year employment in the County has fallen in three out of the last four months, in part due to a loss of momentum resulting from the federal government shutdown. While County resident employment has surpassed pre-recession levels, additional employment growth is needed to support the County's economy and keep pace with population growth.

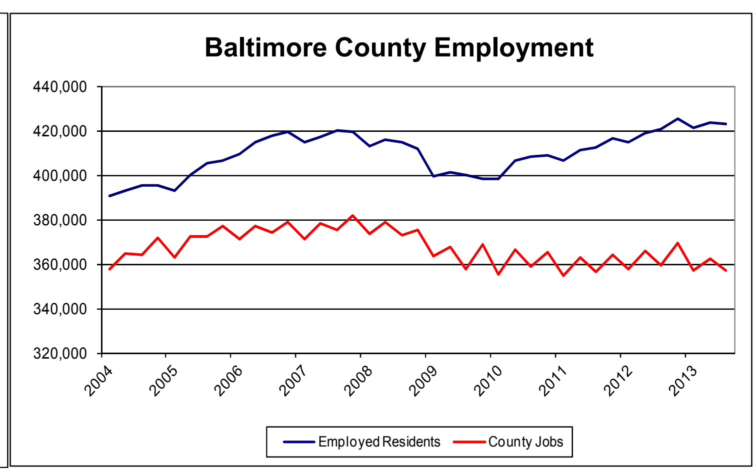
The number of County jobs decreased by 0.7% over the 2012:Q3 to 2013:Q13 period, while County employer payrolls fell 0.3%. Positive job growth is anticipated for 2014.

Jobs data (by place of work) show that from 2012:Q3 to 2013:Q3, the number of jobs in Maryland increased by 0.6% and the number of jobs in Baltimore County decreased by 0.7%, as Baltimore County employers shed approximately 2,476 positions. Payrolls fell 0.3% in Baltimore County and rose 1.0% at the State level. Nationally, non-farm payrolls increased by approximately 2.4 million jobs, or 1.8%, from 2012:Q4 to 2013:Q4. The pace of job growth has modestly increased in recent months, with the nation adding an average of 198,300 jobs per month in 2013:Q4, up from an average of 172,000 jobs per month in 2013:Q3. Sage Policy Group, Inc. (the Spending Affordability Committee's economic consultant) predicts job growth of 1.8% and 0.7% in the County and Maryland, respectively, in CY 2014, with the State's growth expected to fall short of both the County's growth and anticipated national job growth of 1.4%. These forecasts 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 January 2014 unemployment rate was 6.3%, higher than the State unemployment rate but below the national rate.

The unemployment rate among County residents was 6.3% in January 2014, down from 7.6% a year earlier, but above the current State rate of 6.1%. The decreased unemployment rate for the County is attributable to a decline in the labor force, which from January 2013 to January 2014 fell 6,341, significantly more than the 117 residents who were removed from employment rolls over that same time period. As of January 2014, the County had the 12th lowest unemployment rate among the 24 local jurisdictions in Maryland. Excluding Baltimore City, the January 2014 Towson MSA unemployment rate was 5.7%. Nationally, the seasonally adjusted unemployment rate was 6.7% in February 2014, down from the February 2013 rate of 7.7%. At the April BCEAC meeting, members noted that County employment is holding steady, with some industries experiencing job growth while others are still seeing layoffs. Members also reported that some companies that are looking to hire are having difficulty finding the skill sets they need.





PERSONAL INCOME

The Spending Affordability Committee's economic consultant recently projected that County personal income growth was 2.16% in FY 2013, will be 3.23% in FY 2014, and will be 4.96% in FY 2015.

Sage Policy Group, Inc. (Sage), the Spending Affordability Committee's economic consultant, predicts in its January 2014 report that Baltimore County's personal income (PI) will increase by 3.23% in FY 2014. Further, Sage estimates that the County's PI grew 2.16% in FY 2013. These rates represent a deceleration from the FY 2012 estimated growth rate of 4.31%. Maryland's PI is forecast to increase by 3.41% in FY 2014, an acceleration from its estimated growth of 2.48% in FY 2013 and 18 basis points above the forecast for the County. Longer term, PI growth in Baltimore County is expected to be 4.96% in FY 2015, which, while reflecting anticipated notable improvement, remains significantly below the 6.61% growth achieved in FY 2007. PI in Maryland is expected to grow by 5.05% in FY 2015.

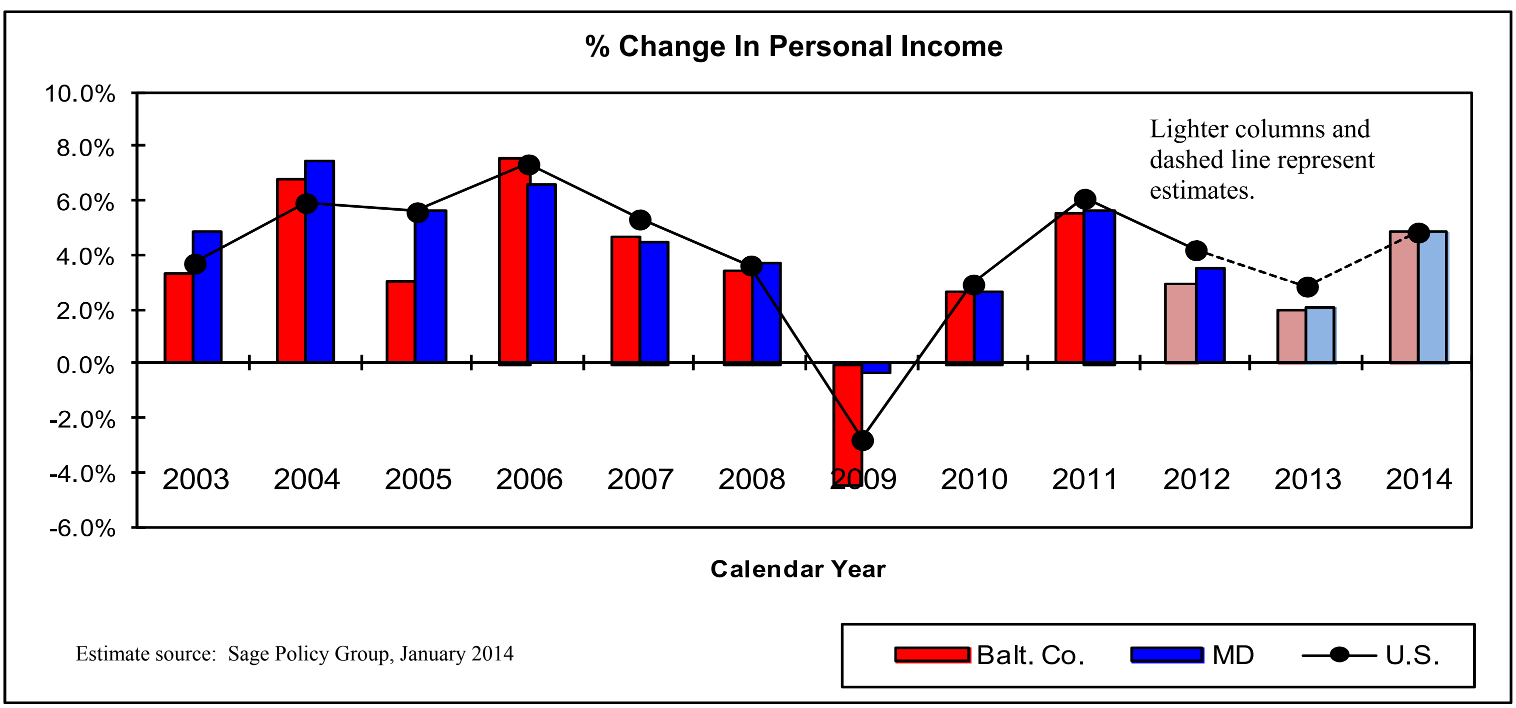
Over the last decade, personal income growth in the County has lagged growth at both the state and national levels.

The nation's nominal household wealth grew by 13.8% during CY 2013, and is at its highest point ever.

Over the 2001 to 2011 period, PI in Maryland increased 54.6%, a faster pace than both national PI growth of 46.8% and Baltimore County PI growth of 41.3%. The most recent quarterly reading for Maryland shows that PI increased by 0.6% from 2013:Q2 to 2013:Q3, less than the national PI increase of 1.0% over the same period. (County data are reported annually.) Nationally, in 2013:Q4, wages and salaries comprised 50.6% of PI. Old-age/disability/health insurance benefits, which now make up 12.9% of PI, have seen an increase of 4.1% since 2012:Q4. Meanwhile, unemployment benefits have decreased 20.1% over the same time period and now represent 0.4% of PI. The Federal Reserve reported that nominal household wealth increased by 3.8% from 2013:Q3 to 2013:Q4, 13.8% during CY 2013, and is at its highest point ever. A surge in the stock market and the continued housing recovery were the primary contributors to the growth.

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 of annual County PI growth for FY 2011 to FY 2015. Sage's January 2014 forecasts of annual County PI growth for FY 2015 and FY 2016 are 4.96% and 4.93%, respectively. Based solely on these forecasted rates and the estimated growth in prior years, the projected maximum spending growth recommendation would be 3.92% for FY 2016 and 4.07% for FY 2017.



EXISTING HOME SALES

The number of existing Baltimore County homes sold during the first two months of CY 2014 was essentially flat compared to the prior year.

Existing home sales in Baltimore County totaled 7,213 units in FY 2013, 10.3% above FY 2012 sales. Home sales have remained slow month-over-month, with 421 homes sold in February 2014, essentially equal to the 422 sold a year earlier. January 2014 experienced similar flat growth. The median price of an existing home sold in February 2014 was $195,000, up 2.6% from February 2013. At the same time, the active inventory in February 2014 increased 4.8% from February 2013. The BCEAC residential real estate representative reported that the market exhibited some volatility due to the winter weather, and that the distressed market continues to hinder overall recovery. He further noted that while the absorption rate (i.e., "months of inventory") inched up in the market for housing under $400k, it decreased significantly in the high-end market, indicating increased demand. Overall, he commented that the market performed reasonably well given the extreme winter and is expected to accelerate into spring.

The median price of existing homes sold in Baltimore County increased 2.6% between February 2013 and February 2014.

The number of pending home sales in February 2014 was unchanged from a year earlier.

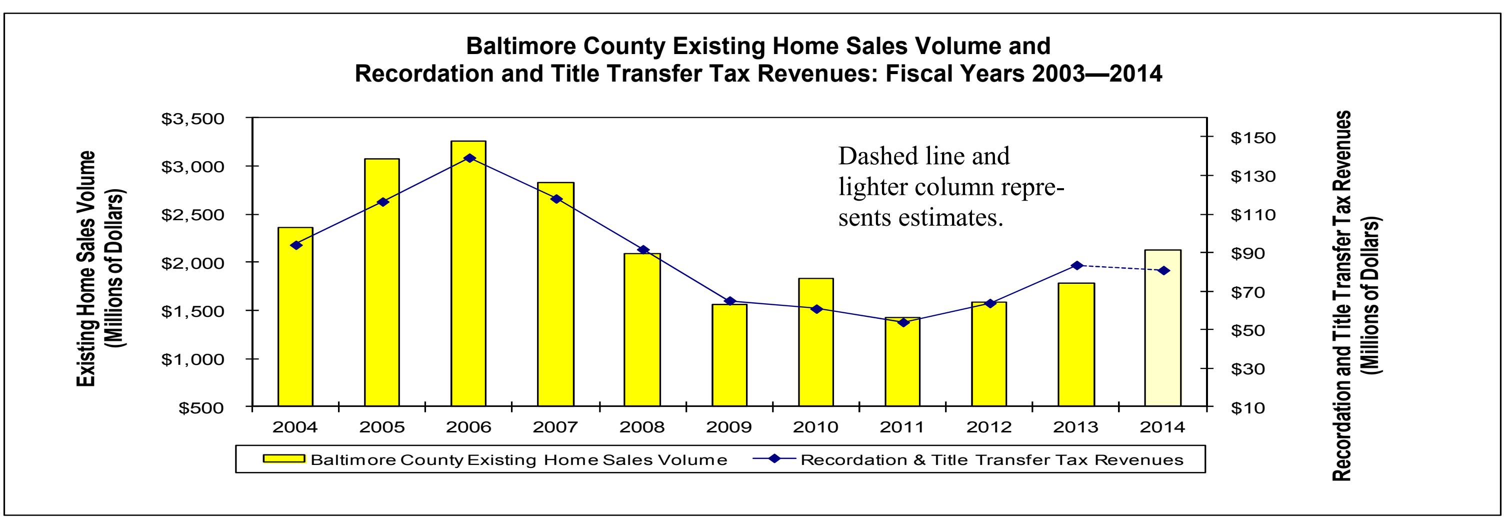
Pending existing home sales in February 2014 totaled 678, equal to the total in February 2013, following a 2.8% decrease in January 2014. However, the BCEAC residential real estate representative noted that the number of distressed pending sales, which are less likely to reach closing, remained elevated.

Reflecting higher mortgage interest rates, the monthly mortgage payment for a median-priced County home sold increased 12.7% in February 2014 compared to February 2013.

Mortgage interest rates (for 30-year conventional mortgages) in February 2014 were 4.30%, up 77 basis points from February 2013 when rates were 3.53%. Over this same period, the median price of an existing home sold in Baltimore County increased 2.6%, compared to an increase of 7.7% for Maryland. The monthly payment for the median-priced Baltimore County home (financed with a 30-year conventional mortgage loan) was $965 in February 2014, an increase from the February 2013 level of $856 (principal and interest only), due to an increase in mortgage interest rates and a slight increase in median prices. Mortgage rates are expected to continue to increase modestly over the remainder of CY 2014.

Property-related transaction tax revenues are expected to decline in FY 2014 by 3.1%, largely due to sluggish home sales this winter. The 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 $63.9 million in FY 2012, an increase of 18.3% from FY 2011 collections, but 54.1% lower than peak collection levels experienced in FY 2006. FY 2013 property-related transaction tax revenues totaled $83.6 million, up 30.8% from FY 2012 levels, reflecting increased transaction activity at slightly higher prices. These revenues are expected to decrease in FY 2014 to $81.0 million, or by 3.1%, largely due to sluggish homes sales during the winter.



CONSTRUCTION

The total value of construction permits issued in 2013:Q4 was $181.1 million, the second highest total quarterly value since 2010:Q1.

Construction is among the most volatile components of the County's economy. Construction permits issued in Baltimore County in 2013:Q4 totaled $181.1 million, $29.5 million, or 19.4%, above 2012:Q4. 2013:Q4 was the second highest total quarterly value since 2010:Q1 and represents an increase of 72.7% over 2013:Q3. The 19.4% growth in 2013:Q4, while rebounding from the year-over-year decrease of 7.5% in 2013:Q3, was below the recent quarterly increases of 71.8% and 36.0% in 2013:Q2 and 2013:Q1, respectively. New residential construction moderately decreased to $40.2 million in 2013:Q4, or 8.1% from 2012:Q4. New non-residential construction surged to $30.4 million in 2013:Q4, an increase of $9.0 million, or 41.9%, from 2012:Q4. 11 new non-residential construction permits valued at or above $500,000 were issued in the County in 2013:Q4, including permits for a senior living facility in Catonsville valued at $15.4 million, a 4-story storage facility in Reisterstown-Owings Mills valued at $4.5 million, and a 3-story office building in Catonsville valued at $3.6 million.

Additions, alterations, and repairs activity in 2013:Q4 rose 27.8% from a year earlier to $110.5 million.

Additions, alterations, and repairs (AAR) activity in 2013:Q4 totaled $110.5 million, up $24.0 million, or 27.8%, from 2012:Q4 but 12.8% below the average of 4th quarter activity over the last 7 years. The total value of residential AAR permits rose 13.8% from 2012:Q4 to 2013:Q4, and the value of non-residential AAR permits rose 30.8% over the same period.

In 2013:Q4, the total number of new residential building permits increased 6.7% compared to a year earlier, but the dollar value of these permits decreased 8.1%. The dollar value decline reflects the influence of lower-value multi-family unit activity.

New residential building permit data show that the total number of permits issued in 2013:Q4 increased 6.7% from the number issued in 2012:Q4. Multi-family unit permits increased from 0 to 27, while single-family unit permits decreased from 194 to 180. The total dollar value of the new residential building permits issued in 2013:Q4 decreased $3.6 million, or 8.1%, from 2012:Q4 values, following a 56.6% year-over-year increase in 2013:Q3. This decrease reflects the influence of lower-value multi-family permit activity. The value of new residential building permits in 2013:Q4 is 11.8% above the 7-year average of 4th quarter activity and may be indicative of a recovering housing market.

Construction employment represented 6.4% of County jobs in 2013:Q3.

Construction employment represented 6.4% of County jobs and had an average wage rate 15.8% above the County average in 2013:Q3 (the most recent data available). Construction activity continues to support high quality jobs.