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BALTIMORE COUNTY FISCAL DIGEST

GENERAL FUND REVENUES & THE ECONOMY

Baltimore County, Maryland

October 31, 2014

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November 25, 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 October 31, 2014. This report summarizes current economic conditions affecting the County and includes updated final (unaudited) FY 2014 General Fund revenues as well as a revised FY 2015 General Fund revenue projection.

FY 2014 (unaudited) General Fund revenues totaled approximately $1,750.5 million, an increase of $48.6 million, or 2.9%, over FY 2013 revenues. These collections represent an over-attainment of $65.5 million, or 3.9%, from the original FY 2014 budget estimate. This increase was largely driven by higher-than-anticipated income tax revenue, particularly the reconciling distribution received in November 2013, which was approximately $29.1 million, or 52.0%, higher than the same distribution in November 2012. Total FY 2014 income tax revenue grew by $43.8 million, or 7.0%, over FY 2013 collections.

Based on information received as of October 31, 2014, FY 2015 General Fund revenues are expected to reach $1,764.9 million, an increase of approximately $14.4 million, or 0.8%, over the prior year. This forecast yields a projected Unassigned General Fund Balance (Surplus) as of June 30, 2015 of $265.3 million, including $87.6 million in the Revenue Stabilization Reserve Account (Rainy Day account). The primary drivers to this modest revenue increase are property tax and property-related transaction tax revenues. **However, preliminary information received yesterday from the State regarding the November income tax distribution indicates that this distribution will exceed expectations for the second year in a row, resulting in an upward revision to our forecast of approximately $30 million.** Additional details regarding this distribution are forthcoming, and the higher-than-anticipated receipts will be reflected in the upcoming revenue forecast in conjunction with the FY 2016 spending affordability process.

Even though County revenues continue to grow and the Surplus is near its highest level ever, there remains some concern about the near-term future of the state and local economy. Property taxes, the County's largest revenue source, have shown minimal growth for several years and are projected to continue to do so for several more years. Direct State aid to the County remains a fraction of what it was before the recession, and with a projected State budget shortfall of nearly $300 million for FY 2015 and nearly $600 million for FY 2016, there appears to be little hope for a significant increase. Further, some economists have expressed concern about the reliance of the State's economy on the Federal government, particularly in the labor market. In August 2014, Maryland's unemployment rate surpassed the U.S. rate for the first time in 16 years. Given recent reductions to Federal spending and an expectation for further reductions, state and local employment growth could remain tepid through FY 2015.

The same uncertainty, mixed with cautious optimism, was expressed by the Baltimore County Economic Advisory Committee at its October 27, 2014 meeting. Members expressed some optimism for growth in 2015, noting that consumers are feeling more confident regarding the present state of the economy as well as the future outlook, capital acquisitions have seen some recent gains, and the County continues to see job growth in some sectors. However, members noted concern regarding Maryland's dependence on Federal government spending and reported that foreclosures remain a significant part of the housing market, causing volatility and dragging down average home prices. Looking forward, the BCEAC's economist expects County wage inflation to remain low due to a higher rate of unemployment, causing personal income growth to remain below 5.0% until FY 2018. His forecast for personal income growth for FY 2015 is 4.51%, followed by increases of 4.87% and 4.98% for FY 2016 and FY 2017, respectively.

We will continue to monitor economic activity and revenue collections, and we will follow the State budget process closely. Our next update will include a revised revenue forecast for FY 2015 and a preliminary revenue forecast for FY 2016 and will coincide with the Spending Affordability Committee's annual report.

Respectfully submitted,

Lauren M. Smelkinson

Lauren M. Smelkinson, CPA
County Auditor

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

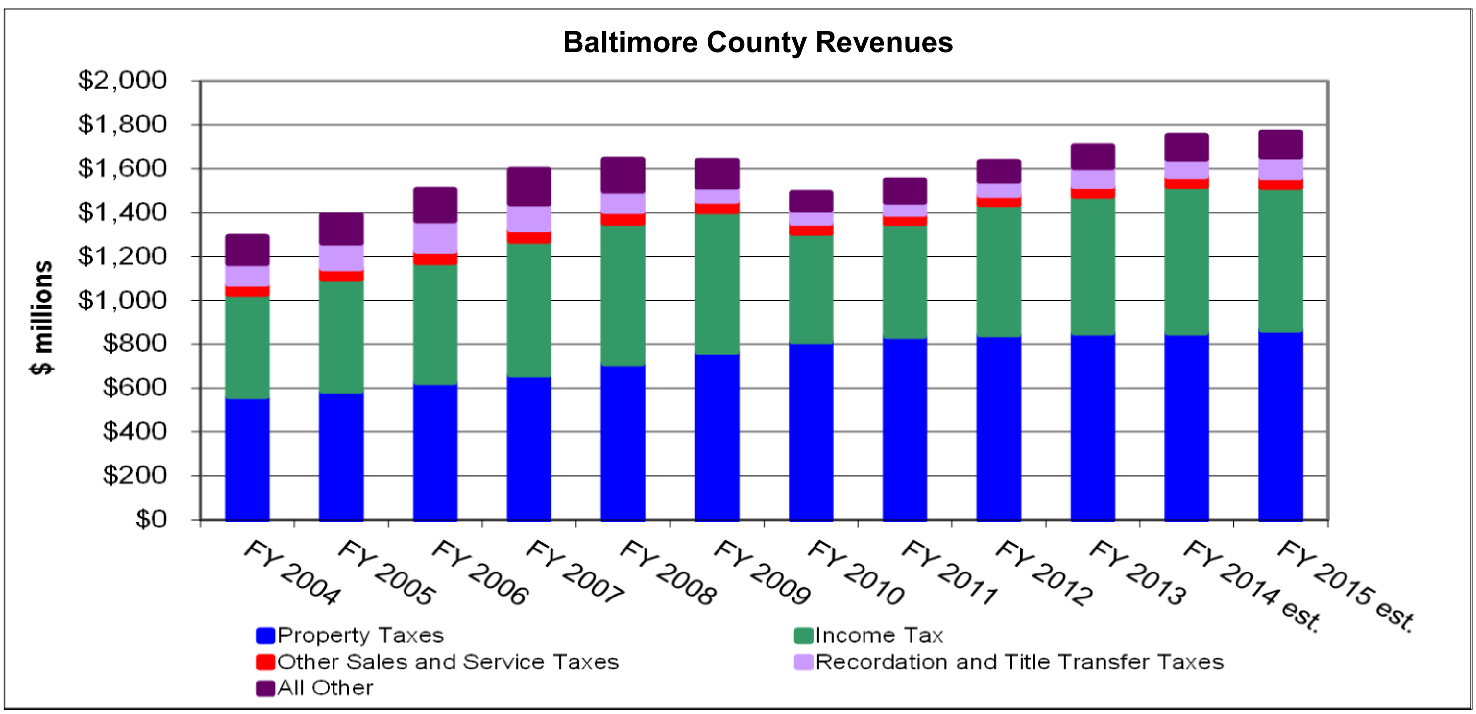
REVENUE HIGHLIGHTS

Unassigned General Fund Balance (Surplus) as of June 30, 2014 totaled approximately $199.5 million, or 10.7% of the FY 2015 General Fund budget, based on the most recent unaudited financial records. 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 totaled $85.2 million as of June 30, 2014. The expected Surplus balance and Rainy Day amounts together total $284.7 million, or 15.3% of the FY 2015 General Fund budget. Audited Surplus figures as of June 30, 2014 should be available by late December.

FY 2014 County General Fund revenues totaled approximately $1,750.5 million, an increase of $48.6 million, or 2.9%, over FY 2013 collections. These collections represent an over-attainment of $65.5 million, or 3.9%, above FY 2014 budgeted revenues. The 2.9% 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 2013. A significant component of this growth in income tax revenue is likely ongoing, a result of the economic recovery. Overall, income tax revenue grew by $43.8 million, or 7.0%, over FY 2013 collections.

Property tax revenues in FY 2014 were essentially flat due to falling assessments offset by some remaining revenue growth deferred by the Homestead Property Tax Credit. Property-related transaction tax collections declined slightly due in part to sluggish home sales during the particularly difficult winter season as well as reduced refinancing activity. 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 $1,764.9 million, up approximately $14.4 million, or 0.8%, from FY 2014 revenue totals and $79.9 million, or 4.7%, over budgeted FY 2014 revenues. The projected slight increase in FY 2015 General Fund revenues reflects 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 due to the possibility that such a high November reconciling distribution will not recur in FY 2015. 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 gains based on steady growth in sales volume and stable prices along with a $2 million receipt related to the transfer of the former RG Steel property in Sparrows Point. The State aid reduction in highway-user revenue (previously the County's largest source of State aid) 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 minor 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	Unaudited FY 2014	FY13-14 Change	Est. FY 2015	FY14-15 Change
Property Taxes	$ 853.9	1.0%	$ 853.3	-0.1%	$ 869.0	1.8%
Income Tax	624.1	5.2%	667.9	7.0%	648.0	-3.0%
Sales & Service Taxes	44.5	2.8%	44.4	-0.2%	44.4	0.0%
Recordation Tax	30.6	50.0%	26.4	-13.7%	30.5	15.5%
Title Transfer Tax	53.0	21.8%	53.6	1.1%	64.5	20.3%
Intergovernmental	37.7	19.7%	43.5	15.4%	43.0	-1.1%
All Other	58.0	9.6%	61.4	5.9%	65.5	6.7%
Total Revenue	$ 1,701.8	4.4%	$ 1,750.5	2.9%	$ 1,764.9	0.8%

The Baltimore County Economic Advisory Committee (BCEAC) expressed guarded optimism with respect to the local economy at its October 2014 meeting, noting that some sectors are experiencing growth while others are adjusting to the new economic climate. Members reported seeing some rejuvenation in capital acquisitions and noted that commercial vacancy rates are low in many areas of the County. In addition, the County continues to see job growth in some sectors. On the other hand, the local residential real estate market has been quite volatile, with foreclosures continuing to drag down average home prices. Concern was also expressed regarding Maryland's dependence on Federal government spending, and it was noted that with such spending on the decline, the State has been lagging the national economy. Looking forward, the Committee expressed some optimism for growth in 2015. Members' near-term outlook reflects the following factors:

- **Recent reports indicate that consumers are feeling more confident regarding both the present state of the economy and the future economic outlook,** with some analysts noting that this should be a positive sign for the upcoming holiday season. Consumer confidence is critical to the economy because the consumer accounts for approximately two-thirds of total economic activity. The Committee's commercial real estate representative noted that the present retail market is all about value, with consumers constantly looking for sales and showing a strong reluctance to purchase items that are not marked down. This value-driven consumer forces retailers to look for new ways to remain competitive.

- **The County's unemployment rate remains higher than the State average.** The Committee's employment representative noted a recent uptick in part-time to full-time conversions, and reported seeing hiring in small to mid-size companies. In addition, it was noted that the County is seeing some job growth in the healthcare, customer service, auto repair, construction, HVAC, and distribution industries. However, the Committee observed that some companies that are looking to hire are having difficulty finding candidates with the requisite skill sets and experience.

- **Local residential real estate prices have declined in recent months, and the Committee's residential real estate representative reported that the large number of distressed properties on the market continues to hinder the region's recovery.** The residential real estate representative further noted that the local market has been difficult to predict, with the number of pending sales up from the previous year in September 2014, but then sluggish again through much of October. However, he observed that many properties in the $350,000 to $450,000 range are receiving multiple contracts, particularly in the central area of the County, and it remains a "seller's market" for properties priced below $500,000. Members also observed that the current low mortgage rates should help stimulate the market. Due in part to a slow spring selling season, County property-related transaction tax revenues declined slightly in FY 2014. These revenues are projected to increase modestly in FY 2015.

NATIONAL ECONOMIC INDICATORS

In 2014:Q3, the U.S. economy grew at an annualized rate of 3.5%.

Real U.S. Gross Domestic Product (GDP) in 2014:Q3 increased at an annualized rate of 3.5%. 2014:Q3's performance builds on 2014:Q2's strong expansion of 4.6%, a positive sign for the current and future overall health of the economy. The major factor contributing to the acceleration in 2014:Q3 was a further rebound in government consumption expenditures, particularly national defense spending, which increased by 4.6% and 16.0%, respectively. The increase in government consumption expenditures was the second consecutive increase greater than 1% after six consecutive quarters of negative or sub 1% annualized growth, and was the largest annualized increase since 2009:Q2. Additionally, the national trade deficit shrank, with exports of goods and services growing by 7.8% annually in 2014:Q3 and further buoyed by a contraction in imports of 1.7% 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 August 2014 release of the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters* projects real GDP growth of 2.1% for all of 2014, followed by an acceleration to 3.1% in 2015. 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 positive economic growth.

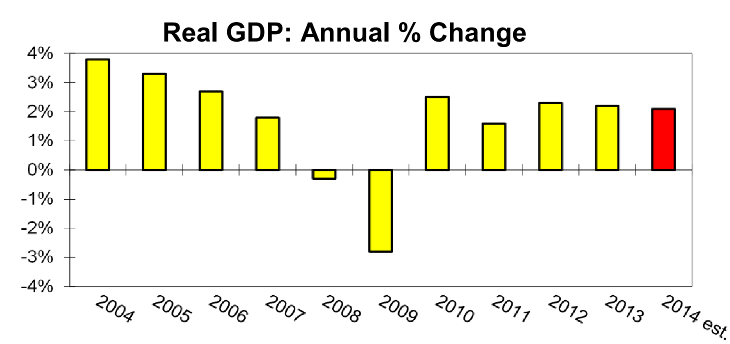
After growing by 2.2% in 2013, real GDP is projected to grow by 2.1% in 2014 and accelerate to 3.1% growth in 2015.

Real consumer spending grew at an annualized rate of 1.8% in 2014:Q3.

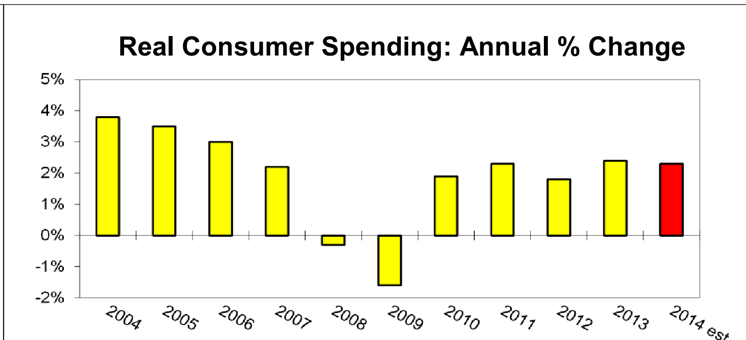
Real consumer spending, which accounts for roughly two-thirds of all U.S. economic activity, continues to show positive growth, increasing 2.4% for all of 2013, the fourth consecutive yearly increase following two consecutive decreases. Consumer spending decelerated slightly during 2014:Q3, increasing at an annualized rate of 1.8% following an increase of 2.5% in 2014:Q2. During 2014:Q3, consumer spending on durable goods saw a strong increase of 7.2% but decelerated from a 14.1% increase during 2014:Q2. Over the same period, growth in consumer spending on non-durable goods decelerated from 2.2% to 1.1%, while consumer spending on services slightly accelerated from 0.9% to 1.1%. The *Survey of Professional Forecasters* projects that consumer spending will increase by 2.3% for all of 2014.

Consumer confidence rebounded in October following a decrease in September.

Consumer confidence, based on a survey of 5,000 U.S. households by The Conference Board (a well-known economic research organization), increased in October following a decrease in September, with the "Expectations Index" responsible for a majority of the increase. The Conference Board noted, "A more favorable assessment of the current job market and business conditions contributed to the improvement in consumers' view of the present situation," and that due to regained confidence in the economy, consumers "are more optimistic about their future earnings potential." The Board further reported that, "With the holiday season around the corner, this boost in confidence should be a welcome sign for retailers."



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



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

The Federal Reserve's Federal Open Market Committee (FOMC) held interest rate targets between 0% and 0.25% at its October 29, 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 concluded its asset purchase program in October.

Interest rate targets were maintained between 0% and 0.25% at the October 29, 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 "economic activity is expanding at a moderate pace" and added that "labor market conditions improved somewhat further, with solid job gains and a lower unemployment rate." Further, the FOMC noted that while household spending and business fixed investment are both increasing, recovery in the housing market remains slow. The FOMC advised that "with appropriate policy accommodation, economic activity will expand at a moderate pace, with labor market indicators and inflation moving toward levels the Committee judges consistent with its dual mandate…." Short-term inflation has likely been held down largely by lower energy prices, but the likelihood of long-term inflation remaining below 2% has somewhat diminished. The FOMC stated that it "continues to see sufficient underlying strength in the broader economy to support ongoing progress toward maximum employment in a context of price stability," and accordingly, concluded its purchase program of both agency mortgage-backed securities and Treasury securities in October.

INTEREST RATE CHANGE FROM SEPTEMBER 2013 TO SEPTEMBER 2014

	Basis Points*
90-Day Treasury Bills	0
10-Year Treasury Bonds	-28
30-Year Conventional Mortgage	-33

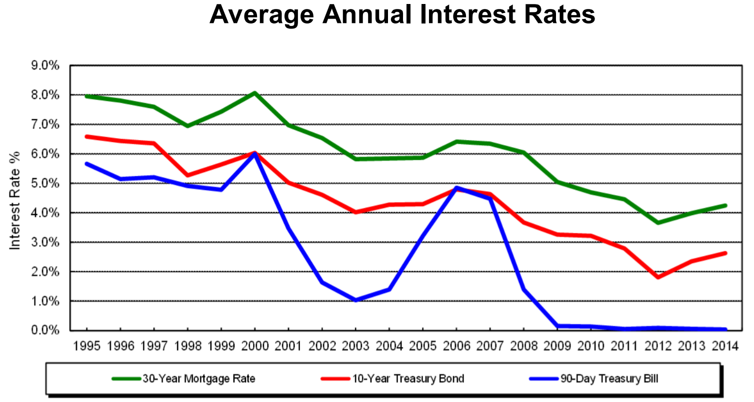
* A basis point is equal to .01 percentage point.

Short-term interest rates are likely to stay near 0%. While the FOMC concluded its asset purchase program in October, it expects to maintain the current interest rate target range for a "considerable time," provided that inflation remains below targeted levels.

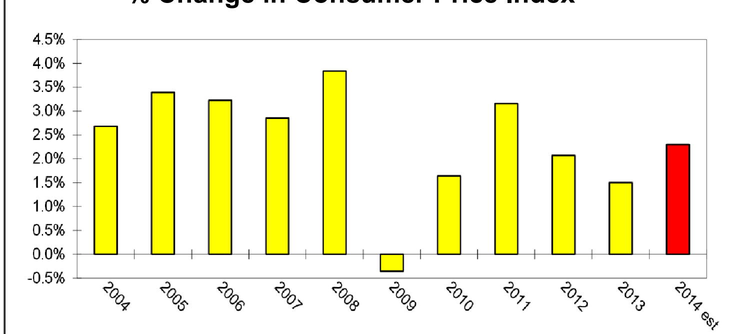
From September 2013 to September 2014, consumer inflation was 1.7%. Inflation is forecast at 2.3% and 2.2% for CY 2014 and CY 2015, respectively.

Inflation, as measured by the Consumer Price Index-All Urban Consumers (CPI-U), was 1.7% over the September 2013 to September 2014 period. This modest price growth is largely driven by increases in food and beverages and housing. Core inflation (which excludes food and energy inflation) was also 1.7% over the same 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 2.3%, followed by 2.2% for CY 2015, according to the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters*, August 2014. The *Survey* projects that annual inflation will average 2.2% over the 2014 to 2023 period, after an actual increase of 2.2% over the 2004 to 2013 period.

Average Annual Interest Rates



% Change in Consumer Price Index



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

LOCAL ECONOMIC PERSPECTIVE

EMPLOYMENT

County employment has surpassed pre-recession levels; however, year-over-year employment growth has been slow thus far in 2014.

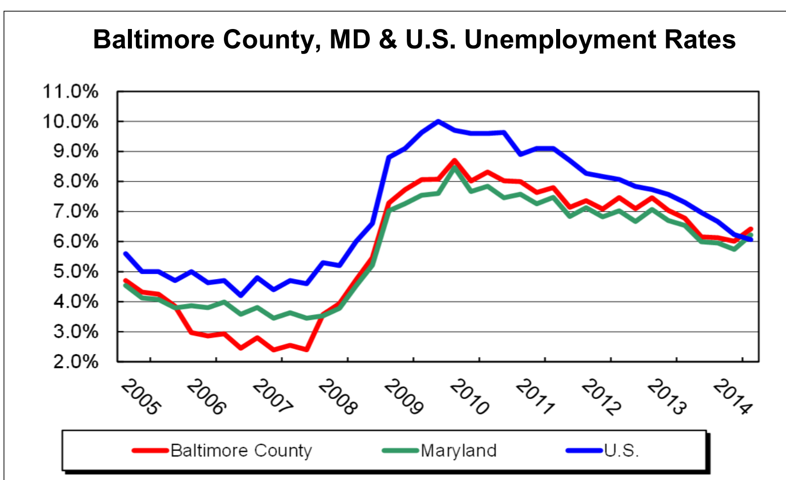
Employment, as measured by place of residence, is increasing on a year-over-year basis in Baltimore County, while it has been declining in Maryland in recent months. Over the September 2013 to September 2014 period, Baltimore County residential employment increased by 1,555 persons, or 0.4%, while Maryland residential employment fell by 4,237 persons, or 0.1%. Even as employment growth in the County has outpaced growth in the State on a year-over-year basis for the first 9 months of 2014, the County's growth rate has been slow all year. 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.

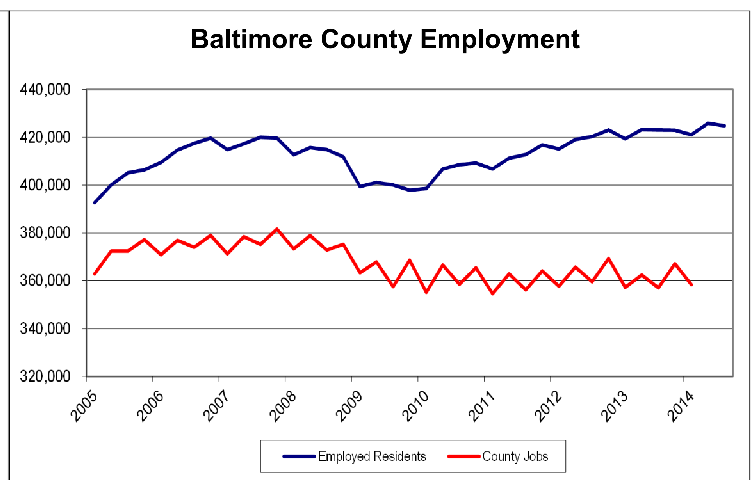
The number of County jobs increased by 0.3% over the 2013:Q1 to 2014:Q1 period, while County employer payrolls rose 0.9%. Positive job growth is anticipated for the remainder of 2014.

Jobs data, as measured by place of work, show that from 2013:Q1 to 2014:Q1, the number of jobs in Maryland increased by 0.2% and the number of jobs in Baltimore County increased by 0.3%, as Baltimore County employers added approximately 1,150 positions. Payrolls rose 0.9% in Baltimore County and 2.0% at the State level. Nationally, non-farm payrolls increased by approximately 2.6 million jobs, or 1.9%, from 2013:Q3 to 2014:Q3. The pace of job growth has slowed a bit in recent months, with the nation adding an average of 233,300 jobs per month in 2014:Q3, down from an average of 251,700 jobs per month in 2014:Q2. However, the pace of job growth continues to show improvement over last year. Sage Policy Group, Inc. (the Spending Affordability Committee's economic consultant) predicts job growth of 0.8% and 0.9% 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 September 2014 unemployment rate was 5.8%, down from 6.6% a year earlier, due in part to a shrinking labor force.

The unemployment rate among County residents was 5.8% in September 2014, down from 6.6% a year earlier, but above the State rate of 5.6%. In addition to the year-over-year increase in employed residents, the continued decline in the labor force, which from September 2013 to September 2014 fell by 1,756 workers, contributed to the decreased unemployment rate for the County. As of August 2014, half of the 24 local jurisdictions in Maryland had a lower unemployment rate than Baltimore County. Excluding Baltimore City, the September 2014 Towson MSA unemployment rate was 5.2%. Nationally, the seasonally adjusted unemployment rate was 5.9% in September 2014, down from the September 2013 rate of 7.2% and the lowest national unemployment rate since July 2008.





PERSONAL INCOME

The Spending Affordability Committee's economic consultant recently projected that County personal income growth was 1.36% in FY 2014, and will be 4.51% in FY 2015 and 4.87% in FY 2016.

Sage Policy Group, Inc. (Sage), the Spending Affordability Committee's economic consultant, estimates in its October 2014 report that Baltimore County's personal income (PI) will increase by 4.51% in FY 2015. Further, Sage estimates that the County's PI grew by 1.36% in FY 2014 and by 2.77% in FY 2013. Sage estimates that Maryland's PI will increase by 4.57% in FY 2015, an acceleration from its estimated growth of 1.46% in FY 2014. Longer term, Sage expects FY 2016 PI growth in Baltimore County to be 4.87%, which, while reflecting anticipated notable improvement, is 134 basis points below the County's 10-year high growth of 6.21%, which occurred in FY 2004. Sage forecasts 5.01% PI growth for Maryland for FY 2016.

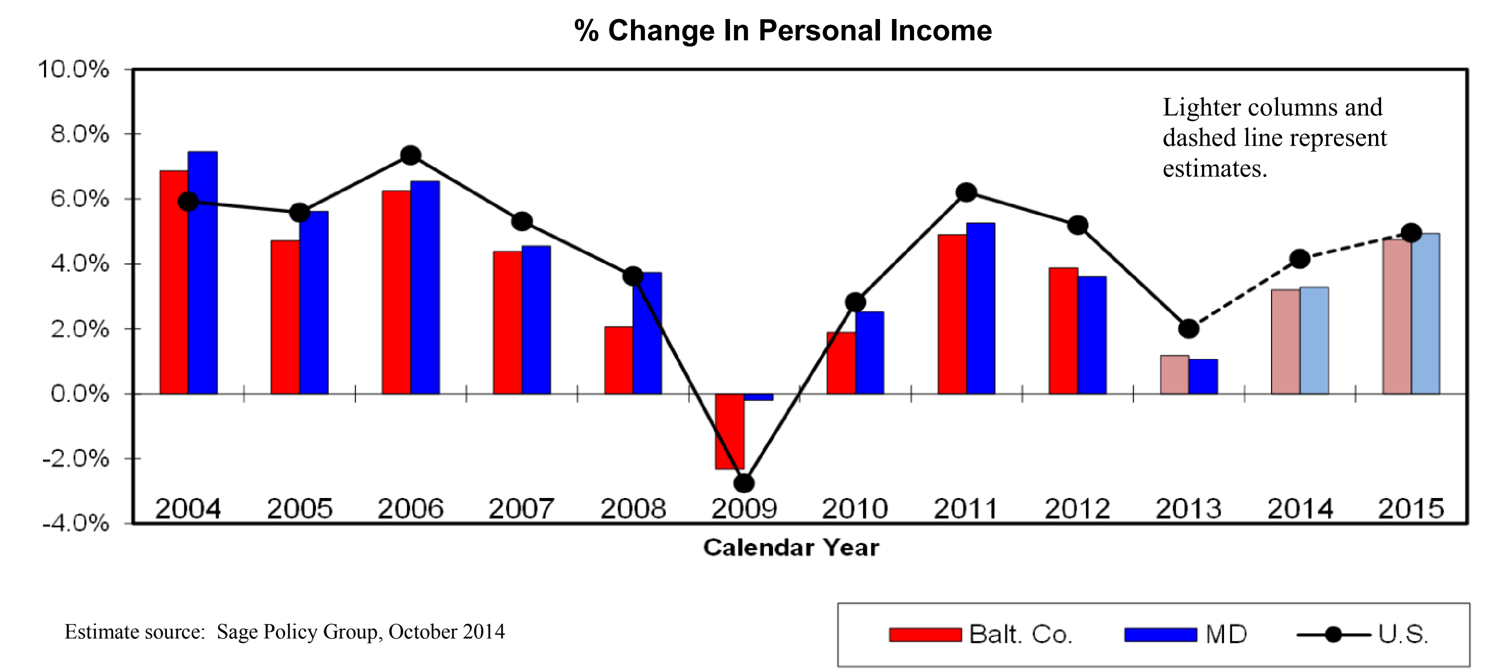
Over the last decade, personal income growth in the County has lagged growth at both the state and national levels.

Over the 2002 to 2012 period, PI in Maryland increased 53.3%, a faster pace than both national PI growth of 51.8% and Baltimore County PI growth of 43.2%. The most recent quarterly reading for Maryland shows that PI increased by 1.2% from 2014:Q1 to 2014:Q2, slightly less than the national PI increase of 1.5% over the same period. (County data are reported annually.) Nationally, in 2014:Q3, 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 3.0% since 2013:Q3. Meanwhile, unemployment benefits have decreased 40.8% over the same time period and now represent only 0.2% of PI, presumably an encouraging sign for employment and the economy. The Federal Reserve reported that nominal household wealth grew by 1.7% from 2014:Q1 to 2014:Q2 and increased 13.4% during CY 2013, although a majority of this increase comes from large gains in the stock market, which hit a record high across all three indices as recently as October 31, 2014.

The nation's nominal household wealth grew by 1.7% during 2014:Q2 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 October 2014 forecasts of annual County PI growth for FY 2016 and FY 2017 are 4.87% and 4.98%, respectively. Based solely on these forecasted rates and the estimated growth in prior years, the projected maximum spending growth recommendation would be 3.57% for FY 2016 and 3.7% for FY 2017.



Estimate source: Sage Policy Group, October 2014

EXISTING HOME SALES

In September 2014, the number of existing home sales totaled 713, an increase of 1.0% from a year earlier but a decrease of 10.9% from August 2014.

The median price of existing homes sold in Baltimore County in September 2014 was $215,000, the same as it was in September 2013.

The number of pending home sales in September 2014 increased by 5.0% from a year earlier.

Reflecting slightly lower mortgage interest rates, the monthly mortgage payment for a median-priced County home decreased 3.9% in September 2014 compared to September 2013.

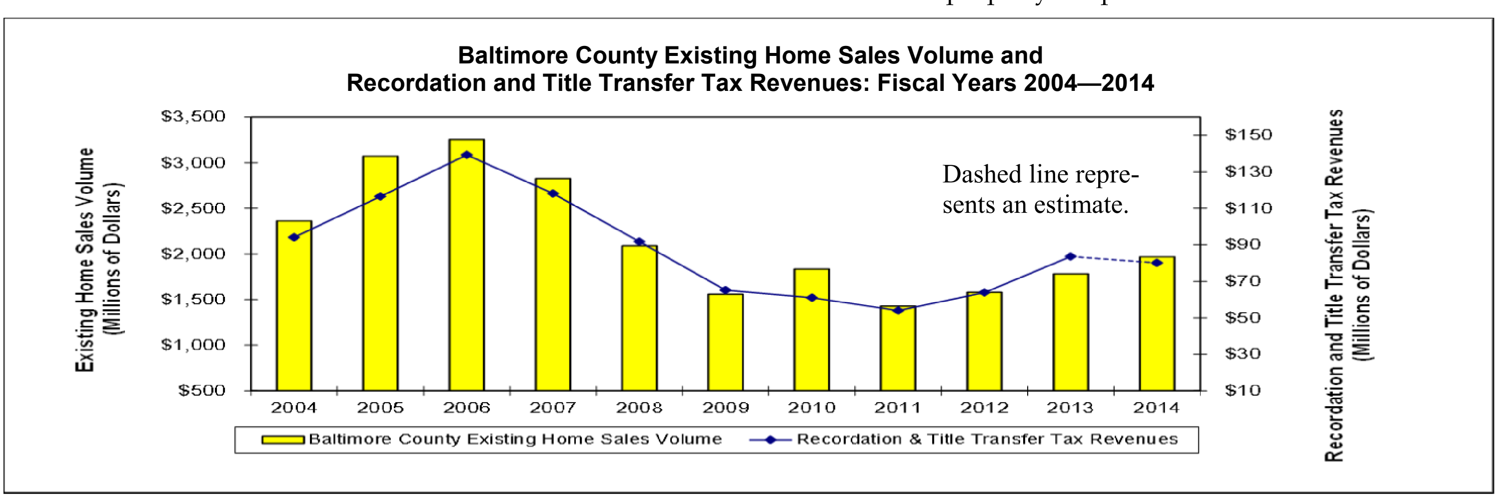
Property-related transaction tax revenues declined in FY 2014 by 4.2%. These revenues are expected to rebound in FY 2015 by 18.6%.

Existing home sales in Baltimore County totaled 7,624 units in FY 2014, 5.7% above FY 2013 sales. Year-over-year home sales have begun to increase again in recent months after beginning the calendar year with six consecutive months of flat or negative growth. In September 2014, 713 homes were sold, a decrease of 87 from August 2014, but an increase of 7 over September 2013. The median price of an existing home sold in September 2014 was $215,000, unchanged from September 2013. At the same time, the active inventory in September 2014 increased 26.7% from September 2013. In October 2014, the BCEAC residential real estate representative reported mixed news for the local housing market. He noted that although the market is volatile month to month, and the average home sale price slipped 3%, 2014 saw the most homes sold in September since 2006. He further reported that the absorption rate (i.e., "months of inventory") for September 2014 remains strong at 5; such strength is mostly fueled by the under-$400k market.

Pending existing home sales in September 2014 totaled 776, an increase of 37, or 5.0%, over the total in September 2013, following a 4.6% year-over-year increase in August 2014. However, the BCEAC residential real estate representative reported that the number of distressed sales in the County remains a significant part of the market, particularly on the east and west side. Foreclosures and real estate owned (REO) sales were up 46% countywide in September 2014 over the prior year.

Mortgage interest rates (for 30-year conventional mortgages) in September 2014 were 4.16%, down 33 basis points from September 2013 when rates were 4.49%. Over this same period, the median price of an existing home sold in Baltimore County was unchanged, compared to a decrease of 0.4% for Maryland. The monthly payment for a median-priced Baltimore County home (financed with a 30-year conventional mortgage loan) was $1,046 in September 2014, a decrease from the September 2013 level of $1,088 (principal and interest only), due to the slight decrease in mortgage interest rates. Mortgage rates are expected to increase modestly in CY 2015.

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. Based on unaudited data, FY 2014 property-related transaction tax revenues totaled $80.1 million, down 4.2% from FY 2013 levels. These revenues are expected to rebound in FY 2015 to $95.0 million, or by 18.6%, largely due to the recovering housing market and a $2 million receipt related to the transfer of the former RG Steel property in Sparrows Point.



CONSTRUCTION

The total value of construction permits issued in 2014:Q2 was $164.2 million, 19.0% below 2013:Q2.

Construction is among the most volatile components of the County's economy. Construction permits issued in Baltimore County in 2014:Q2 totaled $164.2 million, $38.5 million, or 19.0%, below 2013:Q2. The 2014:Q2 total value, however, represents an increase of 55.1% from 2014:Q1. This permit valuation is also 7.9% below the 7-year average of 2nd quarter activity. New residential construction permits were valued at $41.4 million in 2014:Q2, down $14.2 million, or 25.5% from 2013:Q2. New non-residential construction permits were valued at $21.3 million in 2014:Q2, a decrease of $622,000, or 2.8%, from 2013:Q2. Seven new non-residential construction permits valued above $1.0 million were issued in the County in 2014:Q2, including permits for a 6-story hotel in Cockeysville-Timonium valued at $7.5 million, a warehouse building in Rossville valued at $7.0 million, and a gymnasium in Perry Hall-White Marsh valued at $1.8 million (County-owned). The other four permits (valued at $1.0 million each) were for restaurants located in Towson.

Additions, alterations, and repairs activity in 2014:Q2 fell 18.9% from a year earlier to $101.5 million.

Additions, alterations, and repairs (AAR) activity in 2014:Q2 totaled $101.5 million, down $23.7 million, or 18.9%, from 2013:Q2 and 5.0% below the 7-year average of 2nd quarter activity. The total value of residential AAR permits increased 16.2% from 2013:Q2 to 2014:Q2, and the value of non-residential AAR permits fell 25.2% over the same period. However, the total volume of AAR permits was 34.7% higher than 2014:Q1, and the total value of AAR permits was 48.5% higher than 2014:Q1 activity.

In 2014:Q2, the total number and dollar value of new residential building permits decreased 31.2% and 25.5%, respectively, compared to a year earlier.

New residential building permit data show that the total number of permits issued in 2014:Q2 decreased 31.2% from the number issued in 2013:Q2. No multi-family unit permits were issued in 2014:Q2, compared to 96 during 2013:Q2, while single-family unit permits decreased from 241 to 232 over the same period. The total dollar value of the new residential building permits issued in 2014:Q2 decreased $14.2 million, or 25.5%, from 2013:Q2 values, following a 46.5% year-over-year decrease in 2014:Q1. The value of new residential building permits in 2014:Q2 is 5.6% above the 7-year average of 2nd quarter activity.

Construction employment represented 5.8% of County jobs in 2014:Q1.

Construction employment represented 5.8% of County jobs and had an average wage rate 16.1% above the County average in 2014:Q1 (the most recent data available).