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BALTIMORE COUNTY FISCAL DIGEST

GENERAL FUND REVENUES & THE ECONOMY

Baltimore County, Maryland

November 30, 2016

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December 22, 2016

Honorable Members of the Baltimore County Council

Ladies and Gentlemen:

I hereby submit the Baltimore County Fiscal Digest of General Fund Revenues and The Economy as of November 30, 2016. This report summarizes current economic conditions affecting the County and includes final (unaudited) FY 2016 General Fund revenue totals as well as an updated FY 2017 General Fund revenue projection.

FY 2016 General Fund revenues totaled approximately $1,887.3 million, an increase of $66.9 million, or 3.7%, over FY 2015 collections. This total represents an over-attainment of $25.2 million, or 1.4%, above FY 2016 budgeted revenues. The 3.7% increase in FY 2016 collections is indicative of a moderately expanding economy, as property-related transaction tax collections came in significantly higher than expected and property and income tax revenues both posted solid gains. Additionally, billing of County emergency medical services ambulatory transports began generating new revenue. This solid revenue growth allowed the County to use less than the $89.6 million in surplus funds budgeted for FY 2016. According to unaudited data, the Unassigned General Fund Balance (Surplus) as of June 30, 2016 totaled approximately $146.4 million, not including an additional $93.1 million in the Revenue Stabilization Reserve Account (Rainy Day account). This figure is slightly above the Surplus as of June 30, 2015, which totaled $140.5 million.

We project FY 2017 General Fund revenues will total $1,964.9 million, an increase of $77.6 million, or 4.1%, over FY 2016 collections. This projection is in line with FY 2017 budgeted revenues; however, year-to-date FY 2017 revenue collections are bolstered by a $20 million supplemental appropriation from the Baltimore County Public Schools' fund balance to accelerate the completion of the remaining school air conditioning projects. Without this funding, FY 2017 General Fund revenues are expected to fall short of budgeted revenues by approximately $22 million. The current forecast reflects a downward revision to income tax revenues primarily due to a lower-than-anticipated reconciling distribution received from the State in November, as well as lower-than-anticipated year-to-date collections in other smaller revenue sources. Income tax collections are now forecast to increase 1.4% in FY 2017, reflecting modest gains in employment and wages. Growth in property tax revenues is expected to remain steady at 2.6%. Property-related transaction tax revenues were revised downward slightly but are still expected to post gains over FY 2016 due to continued growth in both sales volume and prices; at the same time, growth is expected to moderate following the 22.1% increase experienced in FY 2016. The revised forecast yields a diminished Surplus as of June 30, 2017 of approximately $99.9 million, not including an additional $98.4 million in the Rainy Day account.

The Baltimore County Economic Advisory Committee (BCEAC) reported mostly positive news at its October 3, 2016 meeting. The housing market continues to show strong growth, with recent acceleration in the high end of the market along with a decline in distressed sales causing the average sales price to rise. In addition, falling unemployment, facilities expansion, and stable commercial and retail vacancy rates are positive indicators. The BCEAC's economist expects personal income in the County to grow by 4.30% in FY 2017. This projection reflects an acceleration from downgraded FY 2016 estimated personal income growth of 3.17%.

We will continue to monitor economic activity, revenue collections, and State and federal developments, particularly in light of the recent election. Our next BCEAC meeting is January 9, 2017.

Respectfully submitted,

Lauren M. Smelkinson

Lauren M. Smelkinson, CPA
County Auditor

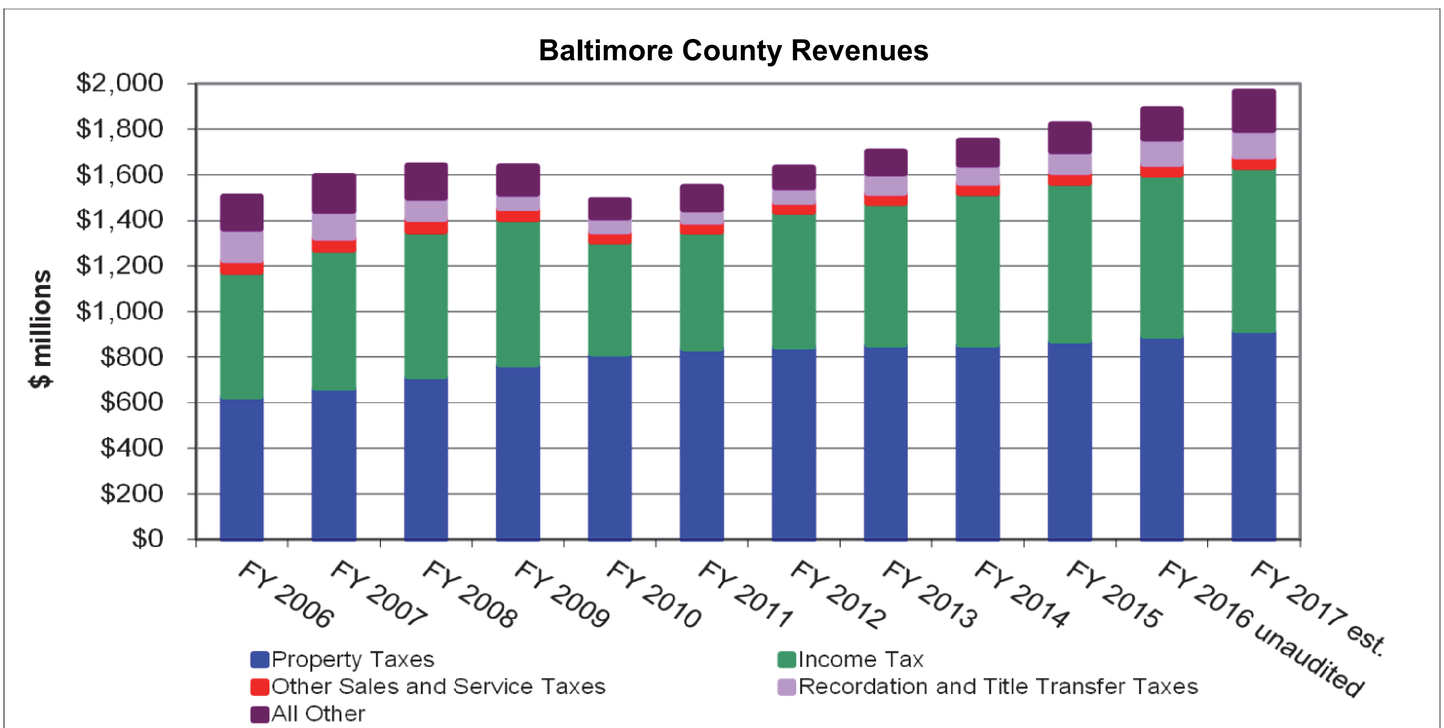
cc: Baltimore County Spending Affordability Committee; Baltimore County Economic Advisory Committee

REVENUE HIGHLIGHTS

Unassigned General Fund Balance (Surplus) as of June 30, 2016 totaled approximately $146.4 million, or 7.4% of FY 2017 budgeted General Fund revenues, based on the most recent unaudited financial records. This amount excludes $19.1 million that was assigned as a source of funding for the FY 2017 budget. In addition to the Surplus balance, the Revenue Stabilization Reserve Account (Rainy Day account) balance totaled $93.1 million as of June 30, 2016. The expected Surplus balance and Rainy Day amounts together total $239.5 million, or 12.2% of FY 2017 budgeted General Fund revenues. Audited Surplus totals as of June 30, 2016 should be available by the end of the year.

FY 2016 General Fund revenues totaled approximately $1,887.3 million, an increase of $66.9 million, or 3.7%, over FY 2015 collections, based on the most recent unaudited financial records. These collections represent an over-attainment of $25.2 million, or 1.4%, above FY 2016 budgeted revenues. The 3.7% increase in FY 2016 General Fund revenues is attributable to several factors including new revenue collected from County emergency medical services (EMS) ambulatory transports. Property tax revenues continued to rebound due in part to the State's reassessment of the County's eastern region; such revenues showed modest growth that was partially offset by an increase in Homestead Property Tax credits. Property-related transaction tax revenues (recordation and title transfer taxes) showed the most significant year-over-year gain (22.1%) due to strong growth in home sales combined with modest sales price increases. These revenue gains were slightly offset by lower-than-anticipated income tax collections.

FY 2017 General Fund revenues are projected to total $1,964.9 million, up approximately $77.6 million, or 4.1%, from unaudited FY 2016 revenues. The sharpest projected increase is expected to come from a full year of billing for EMS ambulatory trips in addition to a $20 million transfer from the Baltimore County Public Schools' fund balance to accelerate the completion of the remaining school air conditioning projects. This one-time transfer does not represent funding that is available to fund the FY 2017 General Fund budget. Without this transfer, FY 2017 General Fund revenues would be expected to fall short of budgeted revenues by approximately $22 million. The current forecast reflects a downward revision to income tax revenues primarily due to a lower-than-anticipated reconciling distribution received from the State in November, as well as lower-than-anticipated year-to-date collections in other minor revenue sources (e.g., recordation tax, EMS transport fees). Income tax collections are now forecast to increase 1.4% in FY 2017, reflecting modest gains in employment and wages. Growth in property tax revenues is expected to remain steady at 2.6% due to the State's January 2016 reassessment of the County's western region, which showed strong growth. This reassessment is the third that has reflected positive growth, following four years of decreases. Property-related transaction tax revenues are expected to post gains from continued growth in both sales volume and prices, though growth is expected to moderate following the 22.1% increase experienced in FY 2016. FY 2017 State aid received by the County is expected to increase slightly, with small increases in highway user revenues and police and health aid.



REVENUE FORECAST & ECONOMIC OUTLOOK

FY 2016 General Fund revenue growth represents a continuation of the modest growth seen in recent years. FY 2017 revenues are expected to continue to grow, with modest growth in property tax, income tax, and property-related transaction tax revenues, along with "other" revenues including a full year of EMS billing and a $20 million transfer from Baltimore County Public Schools' fund balance to accelerate the completion of the remaining school air conditioning projects.

($ Millions) Revenue Source	Actual FY 2015	FY14-15 Change	Unaudited FY 2016	FY15-16 Change	Est. FY 2017	FY16-17 Change
Property Taxes	$ 870.1	2.0%	$ 892.9	2.6%	$ 915.9	2.6%
Income Tax	696.3	4.3%	709.4	1.9%	719.3	1.4%
Sales & Service Taxes	45.6	2.7%	45.9	0.7%	45.9	0.0%
Recordation Tax	28.5	8.0%	36.7	28.8%	36.7	0.0%
Title Transfer Tax	63.0	17.5%	75.0	19.0%	78.8	5.1%
Intergovernmental	43.7	0.5%	46.6	6.6%	47.2	1.3%
All Other	73.2	19.2%	80.8	10.4%	121.1	49.9%
Total Revenue	$ 1,820.4	4.0%	$ 1,887.3	3.7%	$ 1,964.9	4.1%

The Baltimore County Economic Advisory Committee (BCEAC) expressed mostly positive news concerning the local economy at its October 3, 2016 meeting, but members suggested the broader economic recovery could be entering its later stages. Members reported that many companies have experienced continued growth in 2016, allowing for facilities expansion as well as hiring. Further, the number of home sales in the County is up considerably over last year, reflecting people's confidence that their incomes will remain stable. However, members advised that small business growth is flat, and many national chains are closing stores, resulting in a large amount of retail space that needs to be absorbed. Looking forward, the Committee expressed some optimism for regional growth going into 2017. Members' near-term outlook reflects the following factors:

- **Recent reports indicate that the region is seeing some wage growth, and interest rates remain relatively low,** which should encourage consumers to be confident in both the present state of the economy and the future economic outlook. Consumer confidence is critical to the economy because the consumer accounts for roughly two-thirds of total economic activity; it is widely understood that in the present economic climate, the consumer is responsible for driving national economic growth. Members cited the current development projects in Towson, Owings Mills, and White Marsh as evidence of the strength of the County's retail sector; however, it was noted that malls need to be monitored both locally and nationally.

- **The County's unemployment rate continues to fall but remains higher than the State average.** The Committee's Chairman reported that employment trends in the County are stable and positive. However, there has been some concern that income tax collections at the State level aren't rising the way one might expect given the strong labor market. The Chairman suggested that the region might be experiencing a high volume of job transitions, where people are moving into lower paying jobs perhaps due to retirement from higher paying jobs or a desire for increased flexibility or a part-time work schedule.

- **The Committee's residential real estate representative reported that the County's residential real estate market performed well in recent months and that the high end of the market has begun to accelerate.** The average sales price in the County rose 5% in August, aided by growth in homes sold for over $800,000 as well as a 25% decline in distressed sales. The inventory of homes for sale in the County remains tight, with an absorption rate of 3.0 months in August, down from 3.7 months a year ago. Members observed that the current low mortgage rates have helped stimulate the market and have again made refinancing a significant player in the market. The residential real estate representative observed that going forward, interest rates are more likely to rise than stay flat; however, he noted that an increase of 25 or 50 basis points in the short term isn't going to significantly impact the market.

NATIONAL ECONOMIC INDICATORS

In 2016:Q3, the U.S. economy grew at an annualized rate of 3.2%.

Real U.S. Gross Domestic Product (GDP) in 2016:Q3 increased at an annualized rate of 3.2%. 2016:Q3's performance is an acceleration from a modest 1.4% increase in 2016:Q2. Personal consumption expenditures, which continue to drive economic growth, increased (see detailed discussion to follow), and the national trade deficit shrunk as growth in exports, which increased by 10.1%, greatly outpaced growth in imports. GDP growth in 2016:Q3 was further buoyed by a rebound in gross private domestic investment, which increased at an annualized rate of 2.1%, after decreasing 7.9% and 3.3% in the previous two quarters. In addition, government consumption expenditures were relatively flat, increasing at an annualized rate of 0.2% in 2016:Q3, with federal government spending posting an annualized increase of 2.5%, while state and local government spending decreased at an annualized rate of 1.1%. For all of 2015, real GDP grew by 2.6%, slightly higher than the 2.4% growth in 2014, and exceeding the 10-year average of 1.4%. The November 2016 release of the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters* projects real GDP growth of 1.5% for all of 2016, followed by a slight acceleration to 2.2% in 2017. The *Survey of Professional Forecasters* projects GDP growth to remain below 2.5% for the foreseeable future; despite holding steady, the GDP growth rate remains stunted and below pre-recession levels of 3.8% and 3.3% in 2004 and 2005, respectively.

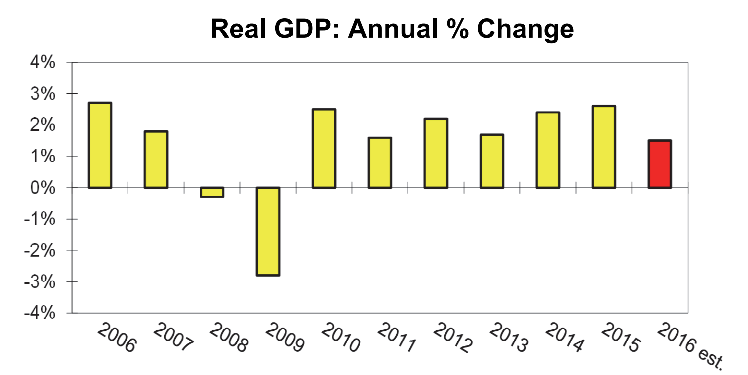
After real GDP grew by 2.6% in 2015, real GDP growth is projected to decelerate to 1.5% in 2016 and to accelerate to 2.2% in 2017.

Real consumer spending grew at an annualized rate of 2.8% in 2016:Q3.

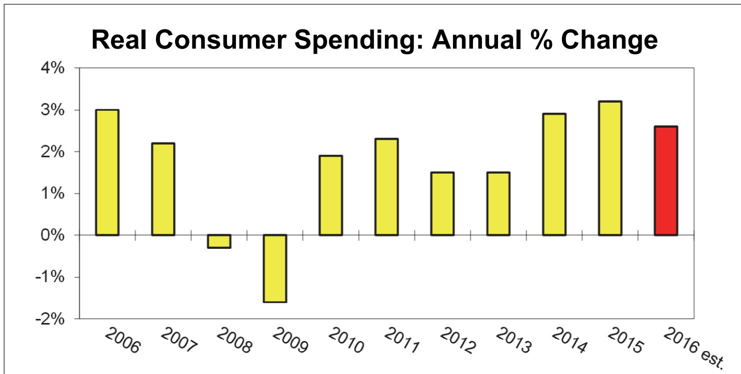
Real consumer spending, which accounts for roughly two-thirds of all U.S. economic activity, increased by 3.2% for all of 2015, the sixth consecutive yearly increase. Consumer spending posted strong growth during 2016:Q3, increasing at an annualized rate of 2.8%, following an increase of 4.3% in 2016:Q2. During 2016:Q3, consumer spending on durable goods accelerated, posting an increase of 11.6% after an increase of 9.8% in 2016:Q2, while consumer spending on nondurable goods fell slightly, decreasing by 0.6% following an increase of 5.7% in 2016:Q2. Over the same period, growth in consumer spending on services decelerated slightly from 3.0% to 2.5%. The *Survey of Professional Forecasters* projects that consumer spending will increase by 2.6% for all of 2016.

Consumer confidence increased in November following a moderate decline in October.

Consumer confidence, based on a survey of 5,000 U.S. households by The Conference Board (a well-known economic research organization)**,** increased in November following a moderate decline in October, with the "Expectations Index" responsible for a majority of the increase and the "Present Situation Index" also posting a notable gain. The Conference Board noted, "[a] more favorable assessment of current conditions coupled with a more optimistic short-term outlook helped boost confidence." The Board further reported that "it appears from the small sample of post-election responses that consumers' optimism was not impacted by the outcome" and "[w]ith the holiday season upon us, a more confident consumer should be welcome news for retailers."



Estimate Source: *Survey of Professional Forecasters*, November 2016



Estimate Source: *Survey of Professional Forecasters*, November 2016

The Federal Reserve's Federal Open Market Committee (FOMC) held interest rate targets between 0.25% and 0.5% at its November 2016 meeting.

The FOMC expects inflation to rise gradually over the medium term and advises that "with gradual adjustments in the stance of monetary policy" moderate economic growth is expected.

Interest rate targets were maintained between 0.25% and 0.5% at the November 2, 2016 meeting of the Federal Reserve's Federal Open Market Committee (FOMC). This interest rate target range, which has been in place since the FOMC's December 2015 meeting, follows 7 years with the target range set at 0% to 0.25%, the lowest interest rate target since the FOMC's 1954 inception. The FOMC stated that "growth of economic activity has picked up from the modest pace seen in the first half of this year" and added that "[a]lthough the unemployment rate is little changed in recent months, job gains have been solid." The FOMC advised that "with gradual adjustments in the stance of monetary policy, economic activity will expand at a moderate pace and labor market conditions will strengthen somewhat further." Medium-term inflation is expected to rise toward 2%, as previous decreases in energy and import prices subside and the labor market strengthens. The FOMC stated that "the case for an increase in the federal funds rate has continued to strengthen" despite its decision "to wait for some further evidence of continued progress toward its objectives" of further improvement in the labor market and 2% inflation. The FOMC further noted that it "expects that economic conditions will evolve in a manner that will warrant only gradual increases in the federal funds rate; the federal funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run."

INTEREST RATE CHANGE FROM NOVEMBER 2015 TO NOVEMBER 2016

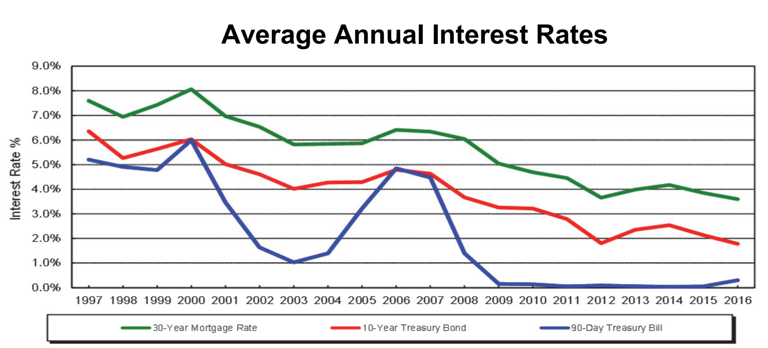
	Basis Points*
90-Day Treasury Bills	32
10-Year Treasury Bonds	-12
30-Year Conventional Mortgage	-17

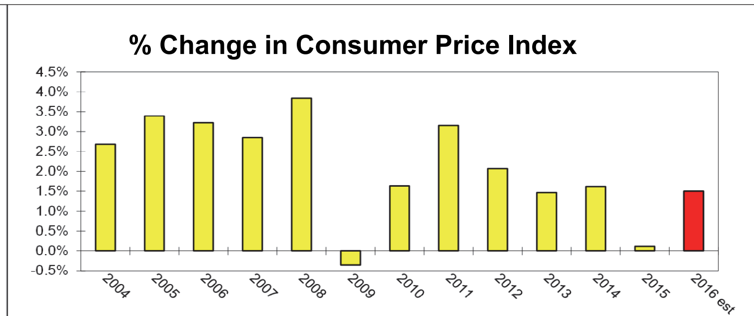
* A basis point is equal to .01 percentage point.

Short-term interest rates are likely to rise to the 0.5% to 0.75% target range. Recent economic data, statements by FOMC members, and the end of the 2016 presidential campaign lead to a wide expectation for a modest rate increase to be approved at the FOMC's December 2016 meeting.

From October 2015 to October 2016, consumer inflation increased by 1.6% and is forecast at 1.5% and 2.2% for CY 2016 and CY 2017, respectively.

Inflation, as measured by the Consumer Price Index-All Urban Consumers (CPI-U), has accelerated in the last two months, most recently posting an annual increase of 1.6% from October 2015 to October 2016. This modest uptick in inflation is primarily driven by increases in medical care and medical care services, which increased by 4.3% and 4.1%, respectively. Additionally, transportation prices posted their first year-over-year increase following 26 months of decreases, albeit only 0.2%. Core inflation (which excludes food and energy inflation) was 2.1% from October 2015 to October 2016. Growth in the CPI-U is expected to average 1.5% in CY 2016, and 2.2% in CYs 2017 and 2018, according to the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters*, November 2016. The *Survey* projects that annual inflation will average 2.2% over the 2016 to 2025 period, compared to an average actual increase of 2.0% over the 2006 to 2015 period.





Estimate Source: *Survey of Professional Forecasters*, November 2016

LOCAL ECONOMIC PERSPECTIVE

EMPLOYMENT

Continuing the trend of impressive employment gains in recent months, County year-over-year employment rose 1.9% in October 2016.

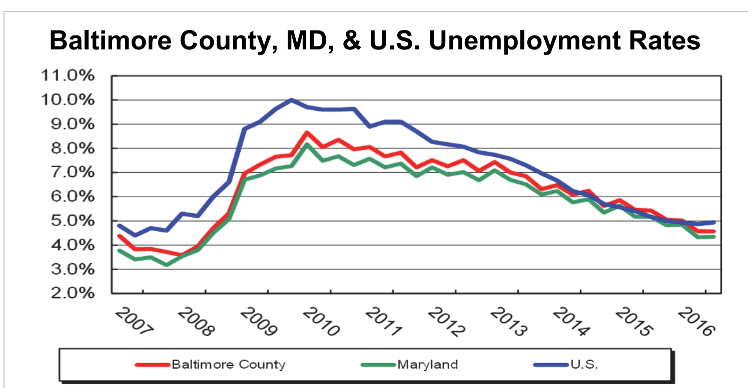
Employment, as measured by place of residence, rose in Baltimore County in October 2016 compared to a year earlier, building on solid year-over-year growth during CY 2016. Over the October 2015 to October 2016 period, Baltimore County residential employment increased by 8,162 persons, or 1.9%, while Maryland residential employment grew by 54,923 persons, or 1.8%. Year-over-year employment growth in the County has continued its pace of strong growth that began during the latter half of CY 2014, with year-over-year employment increases typically exceeding 1.1%. Additionally, State employment growth accelerated on a year-over-year basis during CY 2015, increasing annually by 1.4% over CY 2014, and this pace has largely continued during CY 2016. The current rate of employment growth is a positive sign; such growth is needed to support the County's economy and to continue to keep pace with population growth.

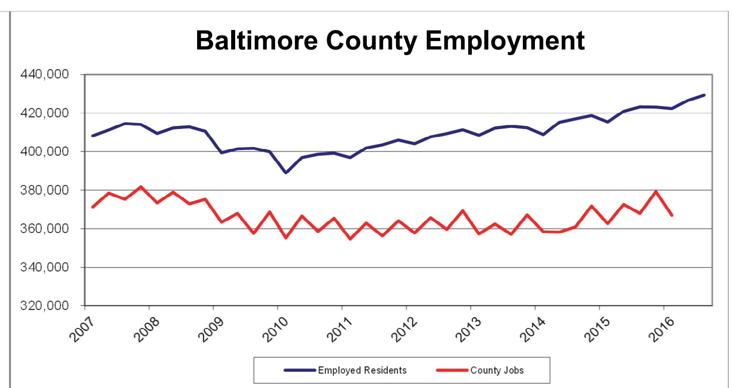
The number of County jobs increased by 1.2% over the 2015:Q1 to 2016:Q1 period, while County employer payrolls rose 0.7%. Further job growth is anticipated heading into 2017.

Jobs data, as measured by place of work, show that from 2015:Q1 to 2016:Q1, the number of jobs in Maryland and Baltimore County increased by 1.8% and 1.2%, respectively, as Maryland and Baltimore County employers added an estimated 45,366 and 4,329 positions, respectively. Payrolls rose 0.9% at the State level and 0.7% in Baltimore County over the same period, a sharp deceleration from strong annualized increases of 7.1% and 7.0%, respectively, from 2014:Q4 to 2015:Q4. Nationally, non-farm payrolls increased by approximately 2.5 million jobs, or 1.7%, from 2015:Q3 to 2016:Q3. The pace of national job growth has accelerated somewhat in recent months, with the nation adding an average of 209,100 jobs per month in 2016:Q3, up from an average of 150,700 jobs per month in 2016:Q2. In its October 2016 report, Sage Policy Group, Inc. (the Spending Affordability Committee's economic consultant) predicted job growth of 1.5% and 1.0% in the County and Maryland, respectively, in CY 2017, with both forecasts exceeding anticipated national job growth of 0.8%. The County and State forecasts exceed anticipated CY 2017 County and State population growth of 0.5% and 0.7%, respectively.

The County's October 2016 unemployment rate was 4.5%, down from 5.2% a year earlier, due primarily to an increase in the number of residents employed.

The unemployment rate among County residents was 4.5% in October 2016, down from 5.2% a year earlier, but slightly above the State rate of 4.2%. In addition to the year-over-year increase in employed residents, the County labor force has grown in recent months, adding 5,265 workers from October 2015 to October 2016. The falling County unemployment rate, which reflects both an expanding labor force and a growing number of employed residents, is a positive sign for the local economy. As of October 2016, 13 of the 24 local jurisdictions in Maryland had a lower unemployment rate than Baltimore County. Nationally, the seasonally adjusted unemployment rate was 4.9% in October 2016, down slightly from the October 2015 rate of 5.0%, and near what many economists consider to be full employment.





PERSONAL INCOME

The Spending Affordability Committee's economic consultant recently estimated that County personal income growth was 3.17% in FY 2016 and predicted it will be 4.30% and 4.18% in FY 2017 and FY 2018, respectively.

Sage Policy Group, Inc. (Sage), the Spending Affordability Committee's economic consultant, estimates in its October 2016 report that Baltimore County's personal income (PI) increased by 3.17% in FY 2016, a downgrade from predicted growth of 4.11% in Sage's July forecast. The estimate follows actual increases of 4.64% and 1.61% in FY 2015 and FY 2014, respectively. Sage forecasts that the County's PI growth will accelerate to 4.30% in FY 2017. Sage's Maryland forecast is for slightly more growth—3.53% and 4.54% for FY 2016 and FY 2017, respectively. For FY 2018, Sage forecasts PI growth of 4.18% in Baltimore County and 4.17% in Maryland.

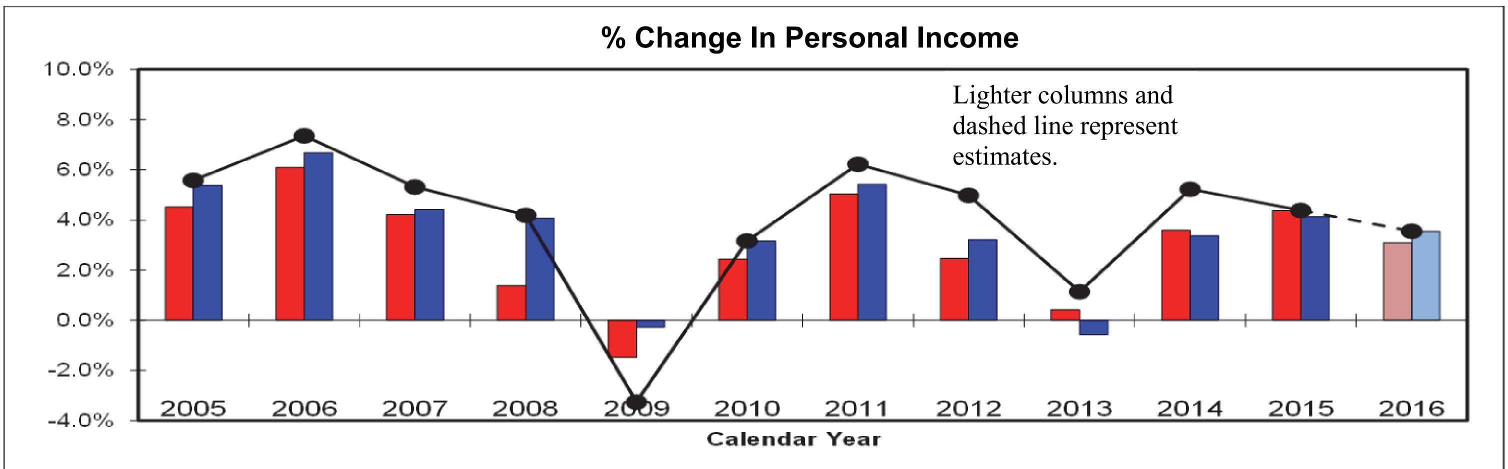
Over the last decade, personal income growth in the County has lagged growth at both the State and national levels.

Over the 2006 to 2015 period, national PI advanced 33.4%, higher than both Maryland and Baltimore County PI growth of 29.1% and 23.3%, respectively. PI growth has markedly slowed after posting increases of 38.8% nationally, 45.9% in Maryland, and 35.3% in the County over the 2001-2010 decade. The most recent quarterly reading for Maryland shows that PI increased by 1.1% from 2016:Q1 to 2016:Q2, slightly below the national PI increase of 1.2% over the same period. (County data are reported annually.) Nationally, in 2016:Q3, wages and salaries comprised 51.2% of PI, slightly above its 50.7% composition in 2015:Q3. 2016:Q3 old-age/disability/health insurance benefits increased 4.1% over 2015:Q3 levels and comprise 13.3% of PI, compared with 13.2% of PI in 2015:Q3. Meanwhile, unemployment benefits decreased 6.6% over the same period, reflecting continued gains in employment and the overall economy. Wages continue to show modest growth with national average hourly wages most recently increasing by 2.5% in November 2016 from a year earlier. During 2016:Q2, Baltimore County's average weekly wages totaled $934, up 2.2% from 2015:Q2, but below State and national averages of $1,026 and $979, respectively. The Federal Reserve reported that nominal household wealth increased 4.0% during CY 2015. Most recently, nominal household wealth grew by 1.8% from 2016:Q2 to 2016:Q3, following a 1.0% increase during the previous quarter.

The nation's nominal household wealth grew by 1.8% from 2016:Q2 to 2016:Q3, and increased 4.0% during CY 2015.

For FY 2017, the County's Spending Affordability Committee recommended a spending growth rate of 3.50%.

For FY 2017, the County's Spending Affordability Committee recommended a maximum spending growth rate of 3.50% based on a 5-year average of Sage's January 2016 estimates/forecasts of annual County PI growth for FY 2013 to FY 2017. Sage's October 2016 forecasts of annual County PI growth for FY 2018 and FY 2019 are 4.18% and 3.60%, respectively. Based solely on these forecasted rates and the estimated growth in prior years, the projected maximum spending growth recommendation is 3.58% for FY 2018 and 3.98% for FY 2019.



Estimate source: Sage Policy Group, October 2016

EXISTING HOME SALES

In October 2016, the number of existing home sales totaled 880, an increase of 3.9% from a year earlier.

Existing home sales in Baltimore County totaled 10,283 units in FY 2016, 16.6% above FY 2015 sales. Home sales showed strong growth year-over-year throughout FY 2016, and that trend has mostly continued into FY 2017. Price growth lagged somewhat behind sales growth during the beginning of FY 2016 but has kept a mostly level pace over the remainder of FY 2016 and into FY 2017. In October 2016, 880 homes were sold, an increase of 33, or 3.9%, over October 2015. The median price of an existing Baltimore County home sold in October 2016 was $217,544, up 1.2% from October 2015, compared to a 7.3% increase state-wide. Over the same period, the active inventory in Baltimore County fell 14.2%. In October 2016, the BCEAC residential real estate representative reported primarily positive news for the local housing market. He reported that August home sales increased in every price range year-over-year except those priced under $100,000, and that more homes over $800,000 were sold than a year ago. He further noted that distressed property sales continue to decline.

The median price of existing homes sold in Baltimore County in October 2016 was $217,544, an increase of 1.2% from October 2015.

The number of pending home sales in October 2016 totaled 923, a decrease of 8.9% from a year earlier.

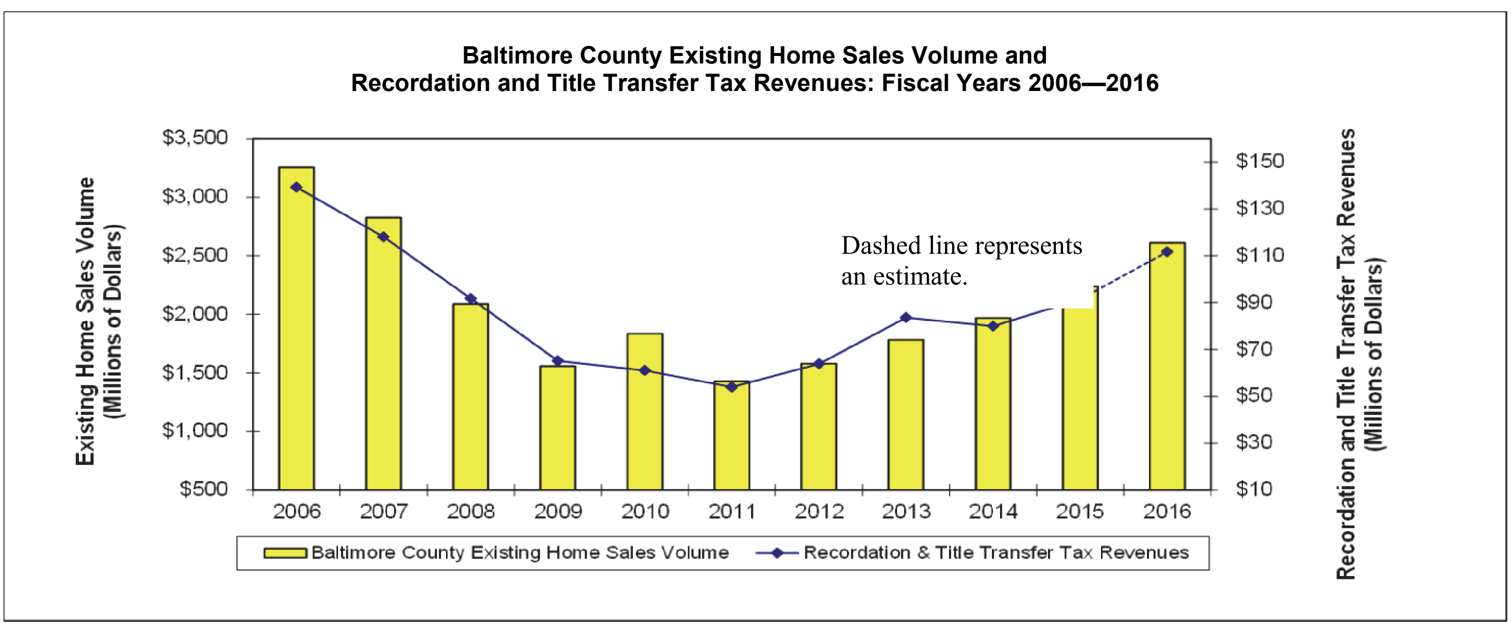
Pending existing home sales in October 2016 totaled 923, a decrease of 90, or 8.9%, from October 2015, following a 2.9% year-over-year increase in September 2016. The BCEAC residential real estate representative reported in October 2016 that the distressed property component of the market was down 25% and noted that prices have increased as a result.

Primarily reflecting lower mortgage interest rates, the monthly mortgage payment for a median-priced County home decreased 3.1% in October 2016 compared to October 2015.

Mortgage interest rates (for 30-year conventional mortgages) in October 2016 were 3.47%, down 33 basis points from October 2015 when rates were 3.80%. The monthly payment for a median-priced Baltimore County home (financed with a 30-year conventional mortgage loan) was $970 in October 2016, a 3.1% decrease from the October 2015 level of $1,001 (principal and interest only), reflecting a decrease in mortgage interest rates slightly offset by a modest increase in median home price. Mortgage rates are anticipated to increase modestly during CY 2017.

Property-related transaction tax revenues grew by 22.1% in FY 2016 and are expected to grow by 3.4% in FY 2017.

Property-related transaction tax revenues (recordation and title transfer tax revenues) are expected to total $111.7 million in FY 2016, an increase of 22.1% over FY 2015 but still 19.8% below peak collection levels experienced in FY 2006. These revenues are expected to continue to grow in FY 2017 to $115.5 million, or by 3.4%, largely due to continued demand in the housing market coupled with modest, but rising, home prices.



CONSTRUCTION

The total value of construction permits issued in 2016:Q2 was $379.4 million, $185.9 million, or 96.1%, above 2015:Q2.

Construction is among the most volatile components of the County's economy. The value of construction permits issued in 2016:Q2 totaled $379.4 million, an increase of $185.9 million, or 96.1%, over 2015:Q2. This permit valuation is 93.4% above the 7-year average of 2nd quarter activity. New non-residential construction permits were valued at $57.4 million in 2016:Q2, an increase of $14.2 million, or 32.9%, over 2015:Q2, and were 76.9% above the 7-year average of 2nd quarter activity. Five new non-residential construction permits valued at or above $1 million were issued in the County in 2016:Q2, including permits for a office/warehouse building in Edgemere valued at $32 million; a church in Security valued at $8.7 million; a hotel in Reisterstown-Owings Mills valued at $7.5 million; a fitness facility in Greenspring Valley-Pikesville valued at $4 million; and a restaurant in Chase-Bowleys Quarters valued at $1 million.

In 2016:Q2, the total number of new residential building permits increased 45.3%, and the dollar value increased 212.1%, compared to a year earlier.

Residential building permits issued in 2016:Q2 totaled 779, an increase of 243, or 45.3%, over 2015:Q2: 501 multi-family unit permits compared to 332, and 278 single-family unit permits compared to 204. The value of the new residential building permits issued in 2016:Q2 totaled $119.5 million, an increase of $81.2 million, or 212.1%, over 2015:Q2 values, following a 57.8% year-over-year increase in 2016:Q1. The value of new residential building permits in 2016:Q2 is 137.4% above the 7-year average of 2nd quarter activity.

The value of additions, alterations, and repairs activity in 2016:Q2 rose 80.8% from a year earlier to $202.5 million.

Additions, alterations, and repairs (AAR) permit values in 2016:Q2 totaled $202.5 million, up $90.5 million, or 80.8%, from 2015:Q2 and 78.6% above the 7-year average of 2nd quarter activity. From 2015:Q2 to 2016:Q2, the value of residential and non-residential AAR permits increased 7.2% and 103%, respectively.

Construction employment, which represented 6.0% of County jobs in 2016:Q1, increased by 3.3% from 2015:Q1.

Construction employment increased on an annualized basis by 708 jobs, or 3.3%, and represented 6.0% of County jobs during 2016:Q1 (the most recent data available). Over the same period, average weekly wages in the construction sector rose by $2, or 0.2%, and had an average wage rate 8.8% above the County average in 2016:Q1.