
Montgomery County, Maryland

ECONOMIC INDICATORS

Montgomery County Council

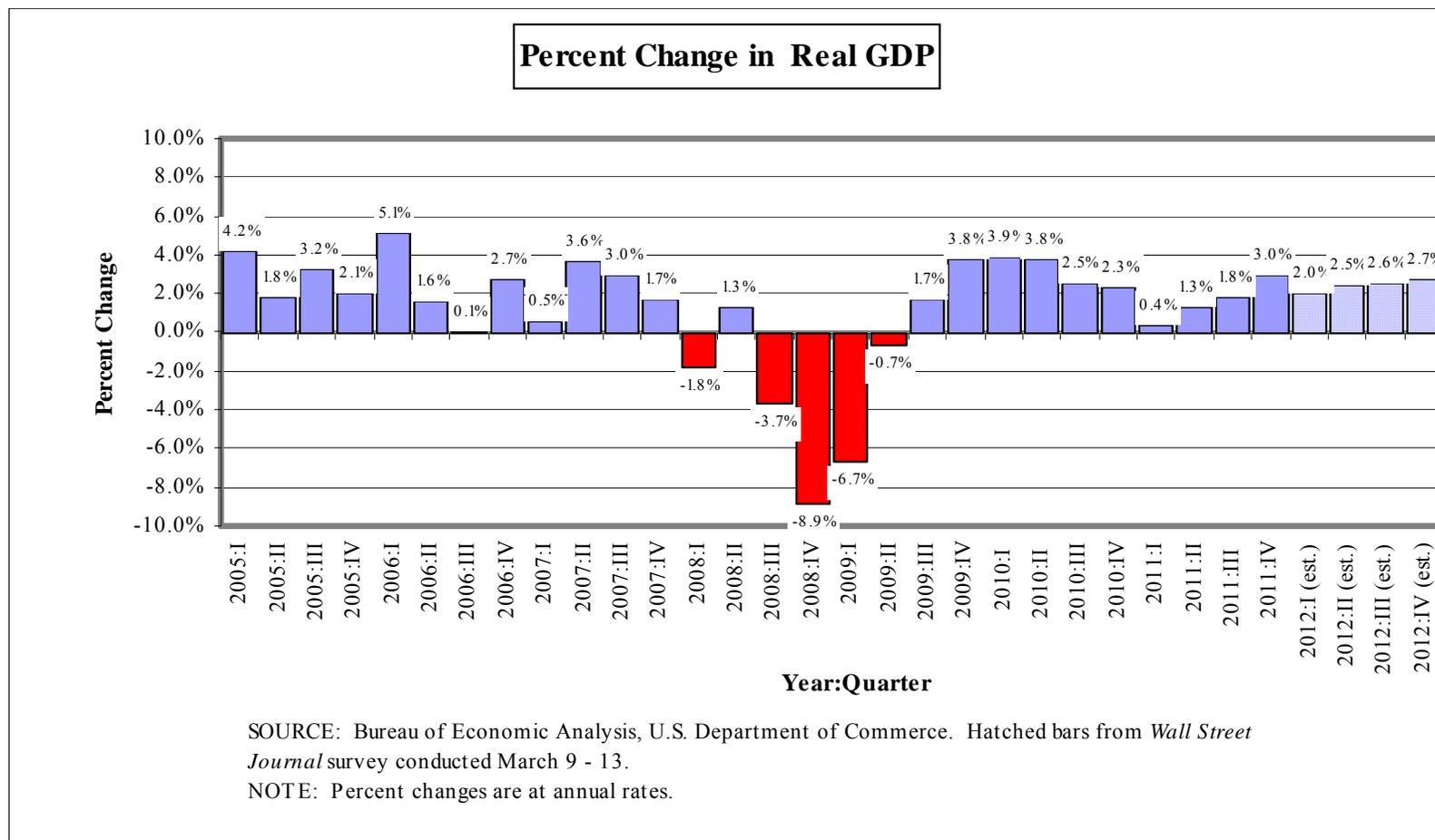
Department of Finance



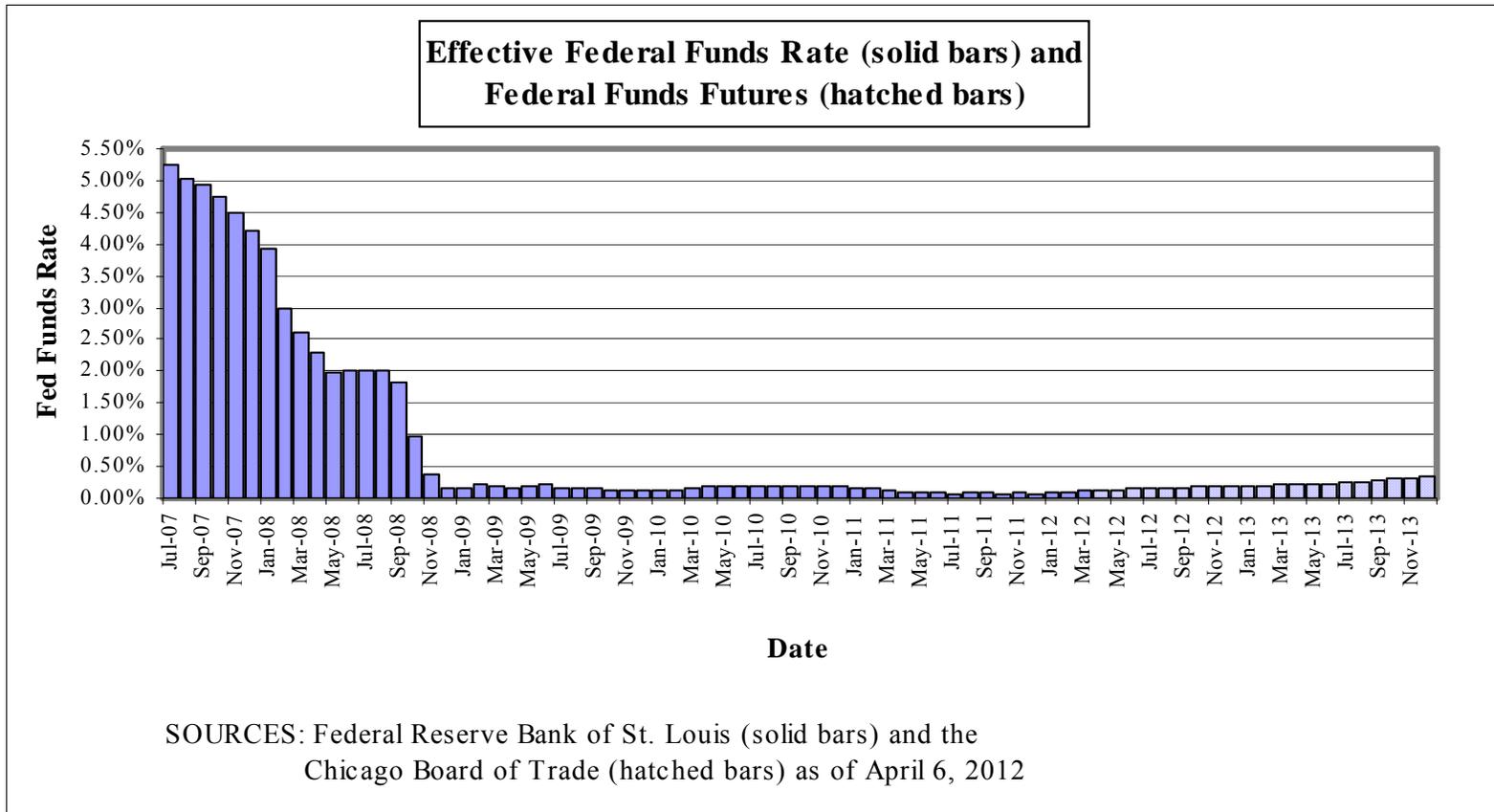
April 17, 2012

National Economic Indicators

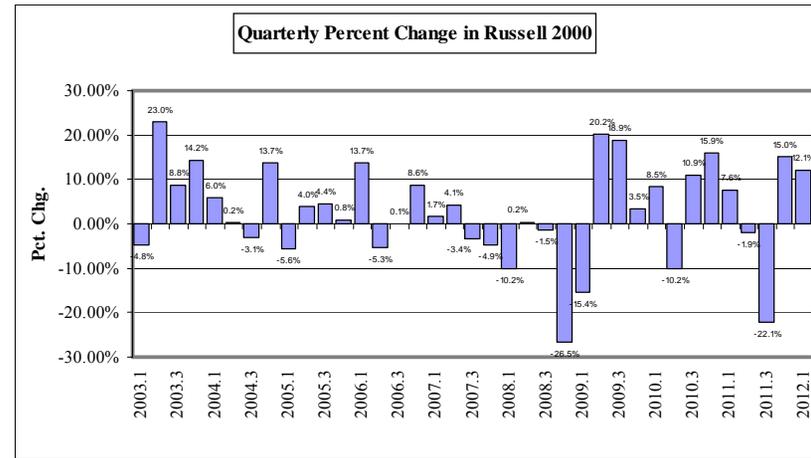
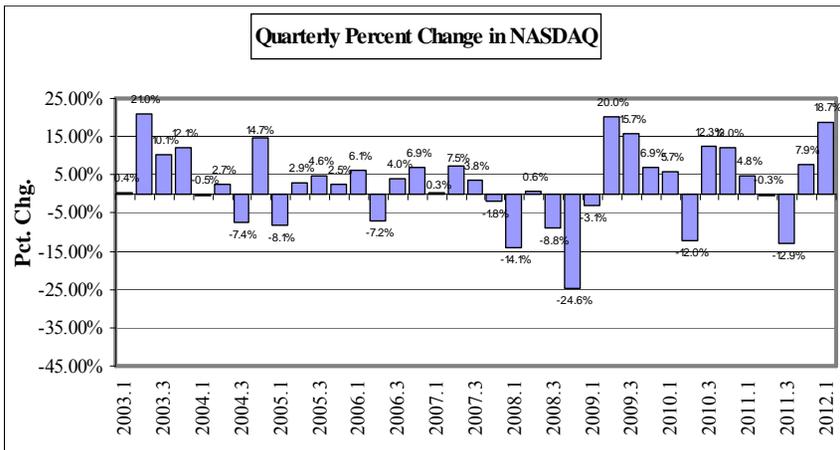
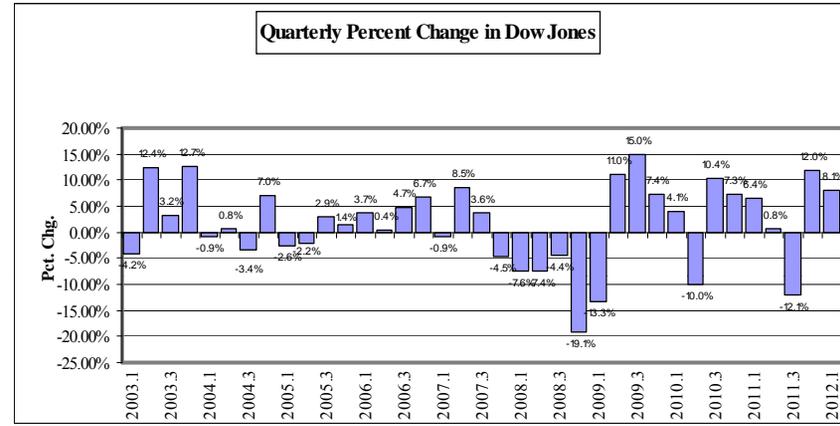
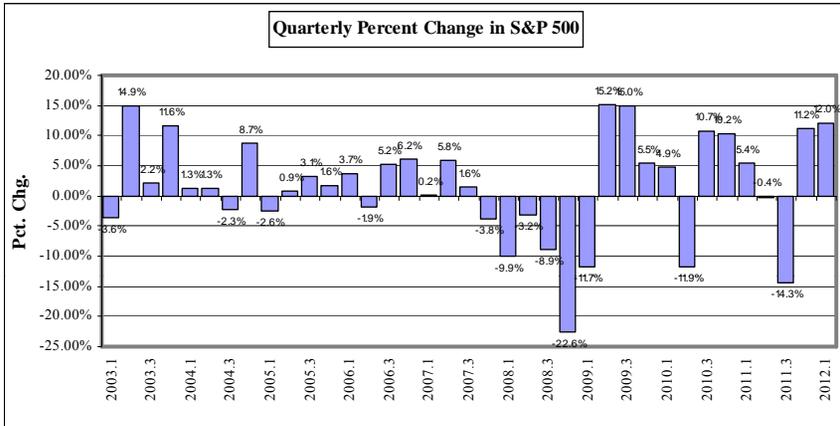
BEA reported that real GDP increased 3.0 percent during the fourth quarter of last year. The survey conducted by *The Wall Street Journal* expect GDP to increase 2.5 percent on average in 2012.



On March 13th, the Federal Reserve (FOMC) decided to keep its target range for the federal funds rate at 0.00 to 0.25 percent. The futures market anticipates no changes to the target range through the remainder of this fiscal year and through 2013.



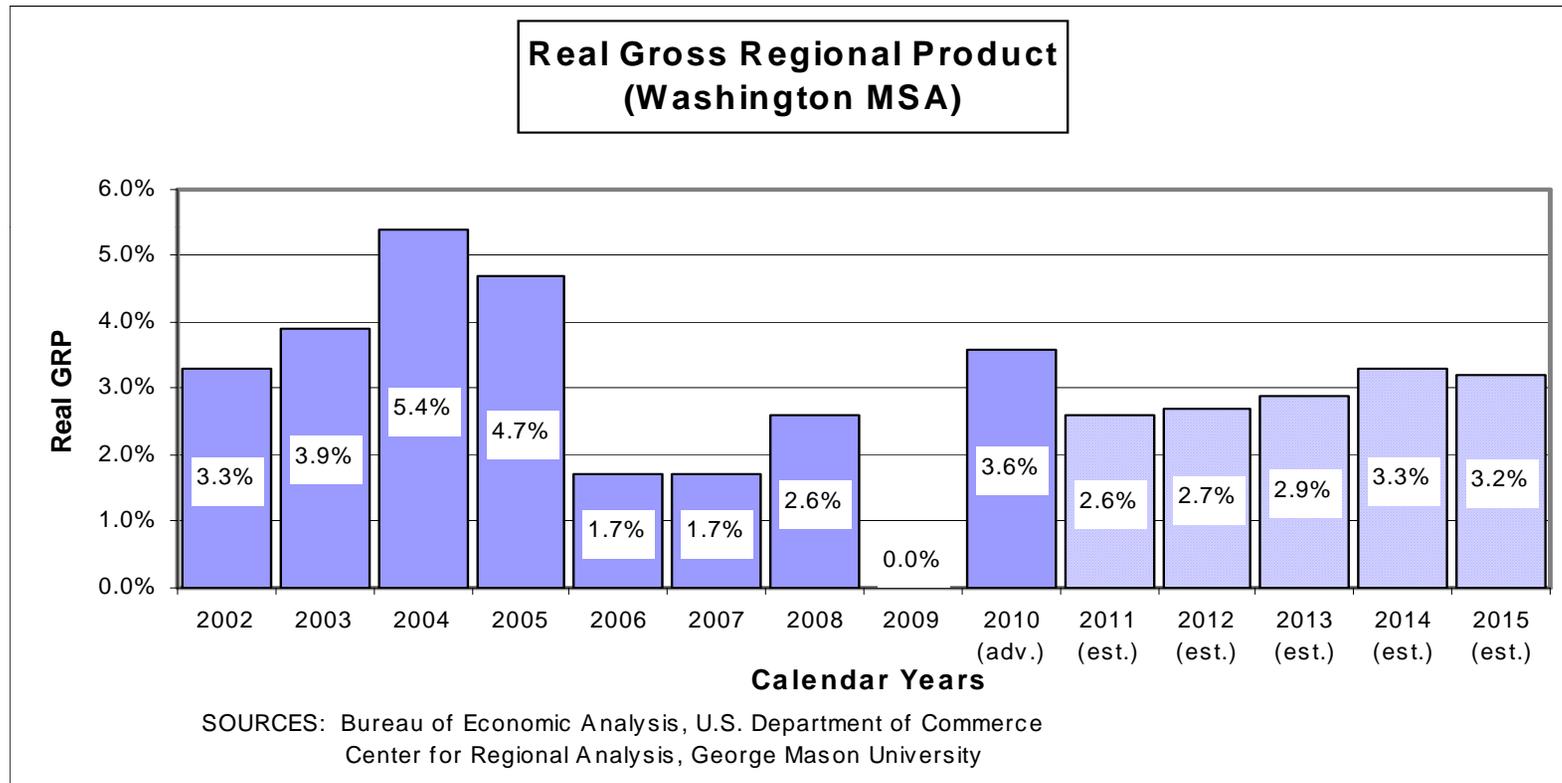
The stock market increased in the first quarter which was the best first quarter increase since 1998.



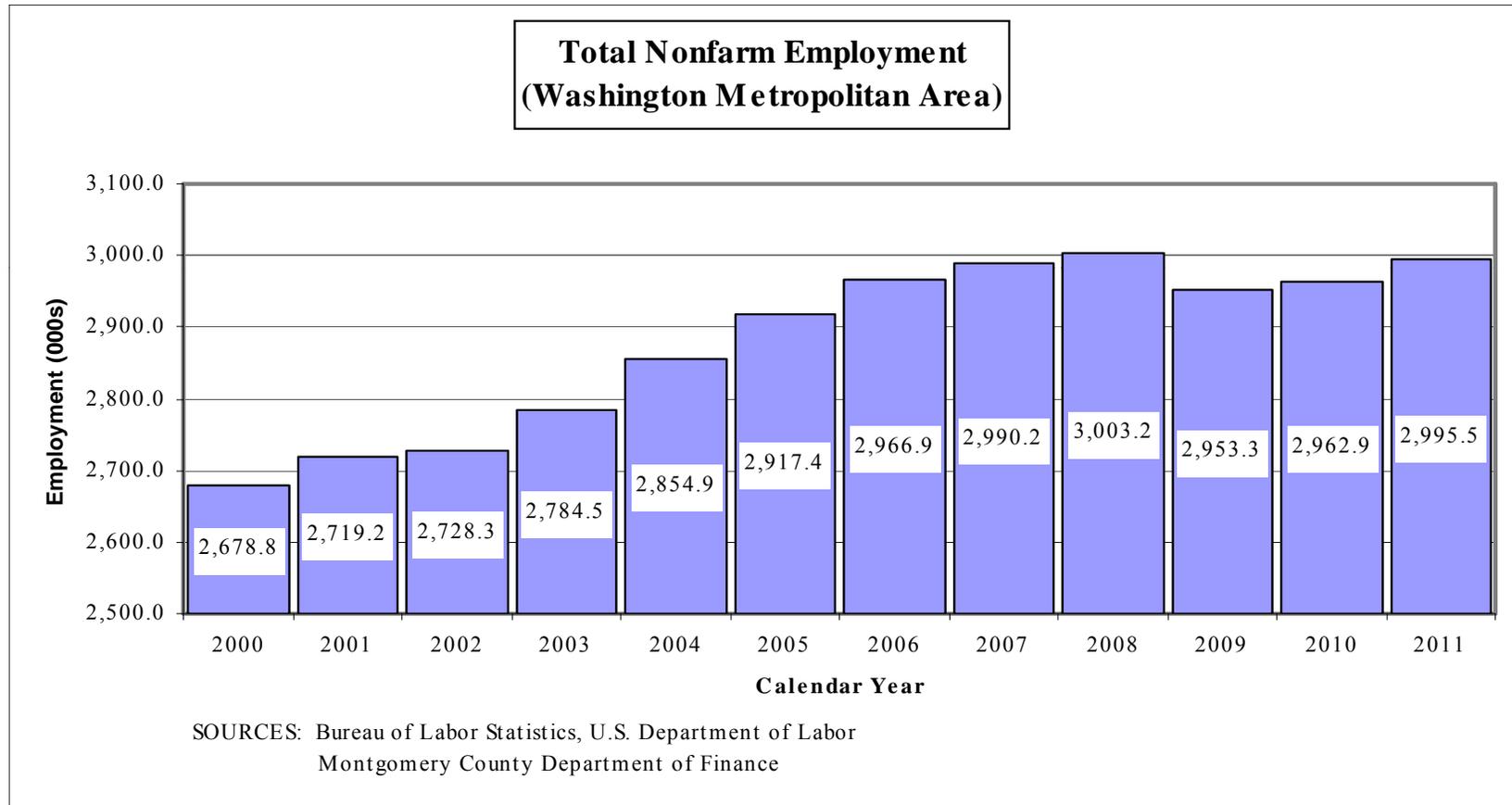
Regional Economic Indicators

Growth rate in real gross regional product decelerated in 2011

According to the Center for Regional Analysis, growth in real GRP in the Washington area decelerated significantly in 2011. CRA estimates a gradual increase in real GRP through 2014.

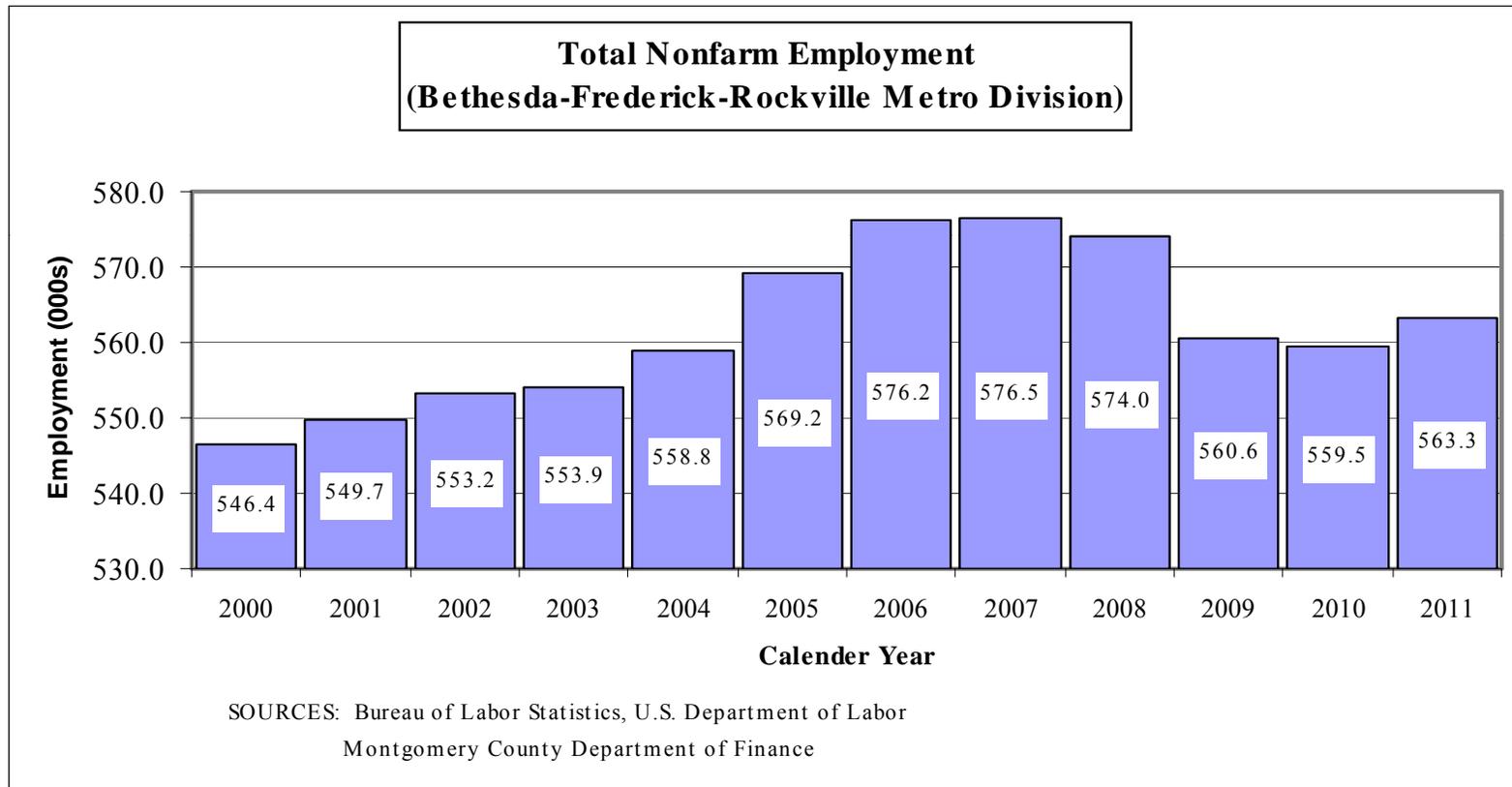


Payroll employment in the Washington area was nearly 3 million.
Employment increased by 32,600 from 2010 to 2011 to reach slightly less than 3 million in December – but 7,700 below the 2008 employment level.



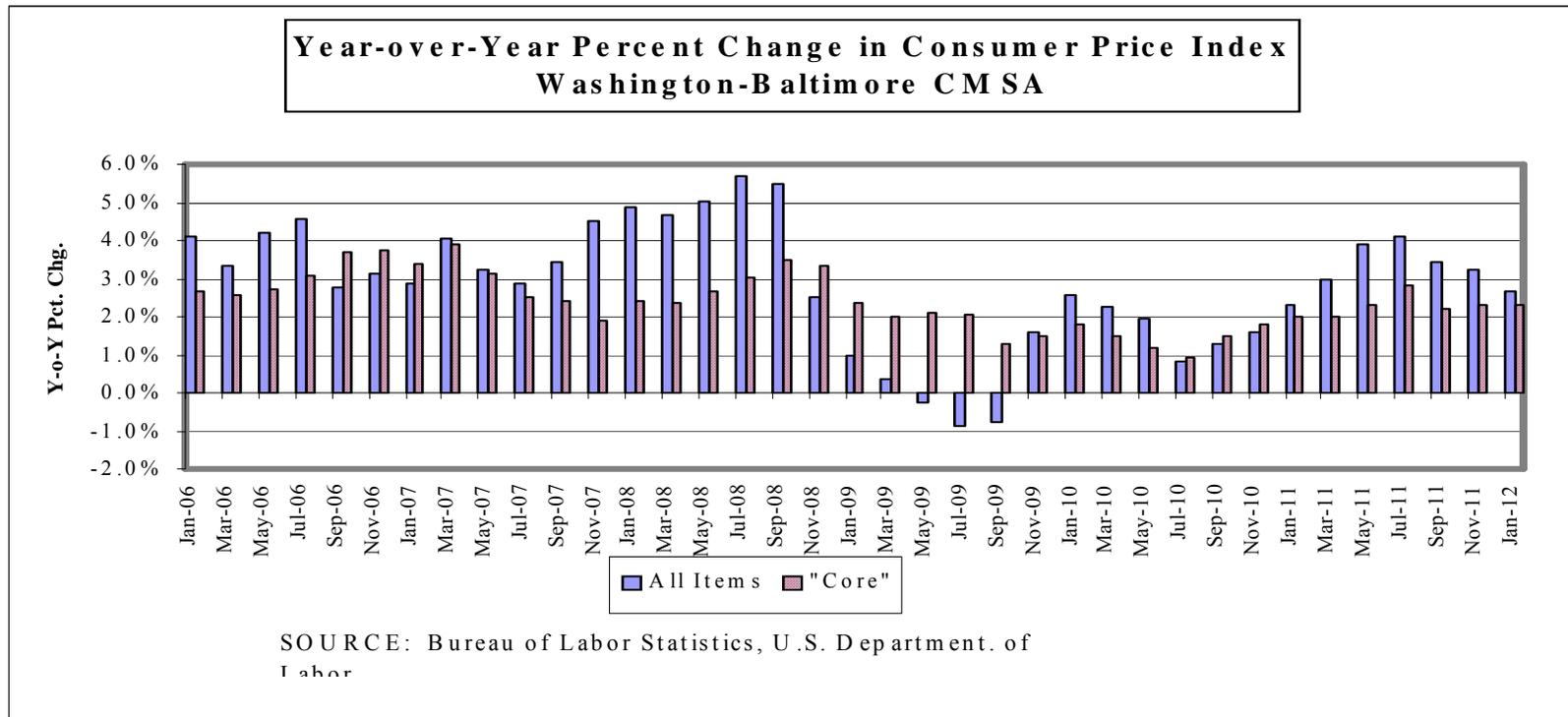
Payroll employment in the Bethesda-Rockville-Frederick metropolitan division was 563,300 in 2011

Employment increased by 3,800 from 2010 to 2011 to reach 563,300 – but remained well below payroll employment in 2007 by 13,200.

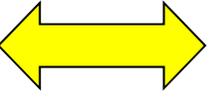
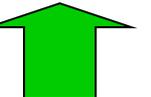
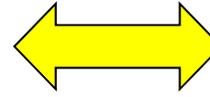


The consumer price index (CPI) accelerated in 2011

Overall for the Washington-Baltimore consolidated region the CPI increased 2.7 percent in January '12 compared to January '11. For the calendar year 2011, the index increased 3.4 percent compared to 1.72 percent in 2010.

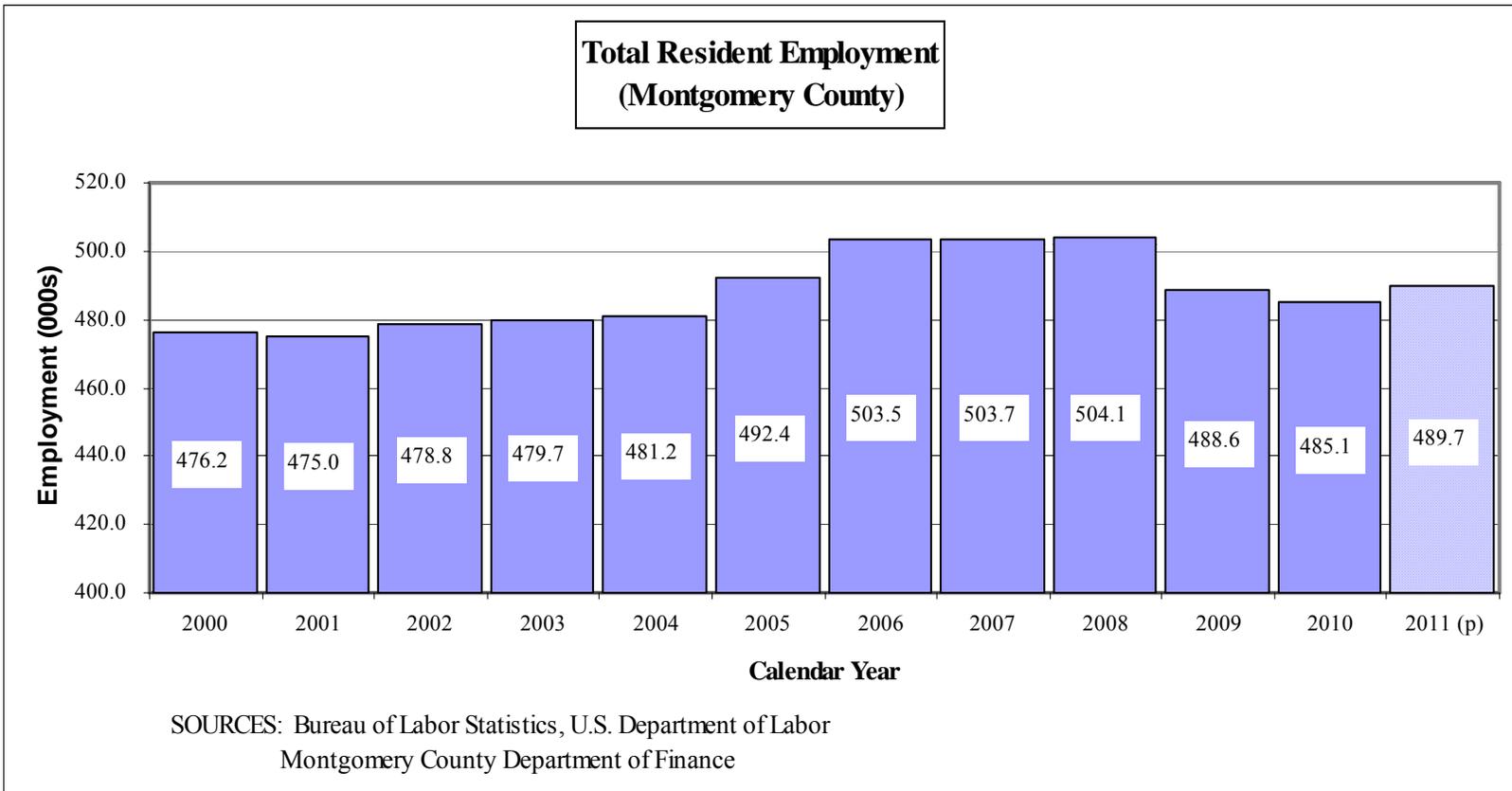


Montgomery County Economic Indicators

ECONOMIC INDICATOR DASHBOARD	LATEST DATA	REVENUE AFFECTED	EXPLANATION	COMPARISON	DIRECTION
INFLATION	3.38% 2011	Property Taxes	Key determinant of property tax revenues at the Charter Limit	2011: 1.72% 2010: 0.23%	
UNEMPLOYMENT RATE	5.2% 2011 est.	Income Taxes	Indicates overall health of the job market	2010: 5.6% 2009: 5.4%	
RESIDENT EMPLOYMENT	489,700 2011 est.	Income Taxes	Primary determinant of income tax receipts	2010: 485,050 2009: 488,607	
PAYROLL EMPLOYMENT (Estimated)	468,300 2011	Income Taxes	Another determinant of income tax receipts	2010: 463,300 2009: 464,600	
STOCK MARKET - S&P 500	1257.60 December 31st	Income Taxes	Key determinant of capital gains portion of the income tax	December 31st: 2010: 1257.64 2009: 1,115.10	
HOME SALES	9,490 2011	Transfer/ Recordation Taxes	Indicates activity affecting receipts	2010: 10,401 2009: 10,376	
HOME PRICES (Average Price Sold)	\$451,479 2011	Transfer/ Recordation Taxes	Taxes are based on values, affects amount of taxes collected	2010: \$441,482 2009: \$434,297	
FEDERAL FUNDS RATE	0.13% Mar. 2012	Investment Income	County's return on investments closely correlated with the Fed Fund rates	Mar. 2011: 0.14% Mar. 2010: 0.16%	

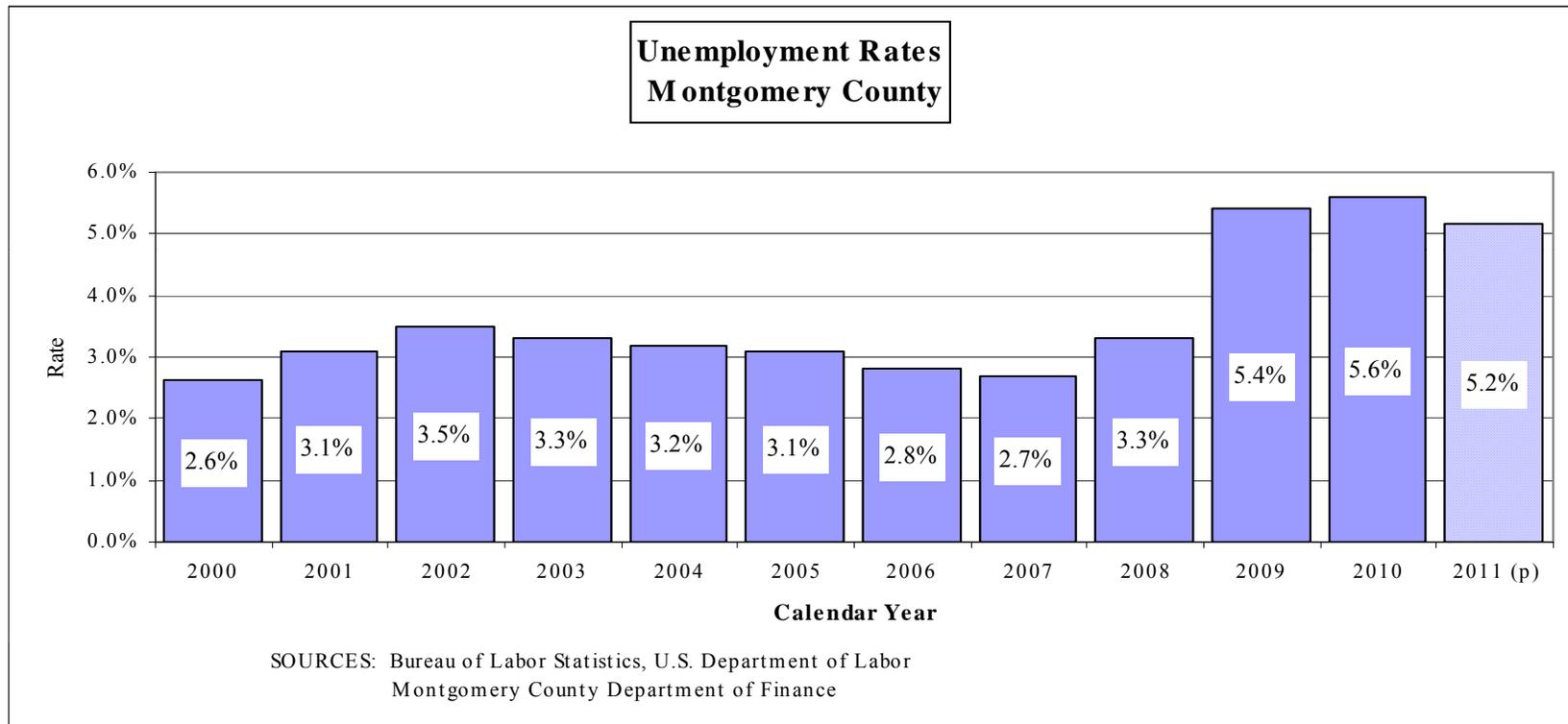
Resident employment stood at 489,700 in 2011

Resident employment (labor force series) in Montgomery County was 489,700 in 2011 compared to 485,100 in 2010 - an increase of 4,600 – but below the 504,100 in 2008.



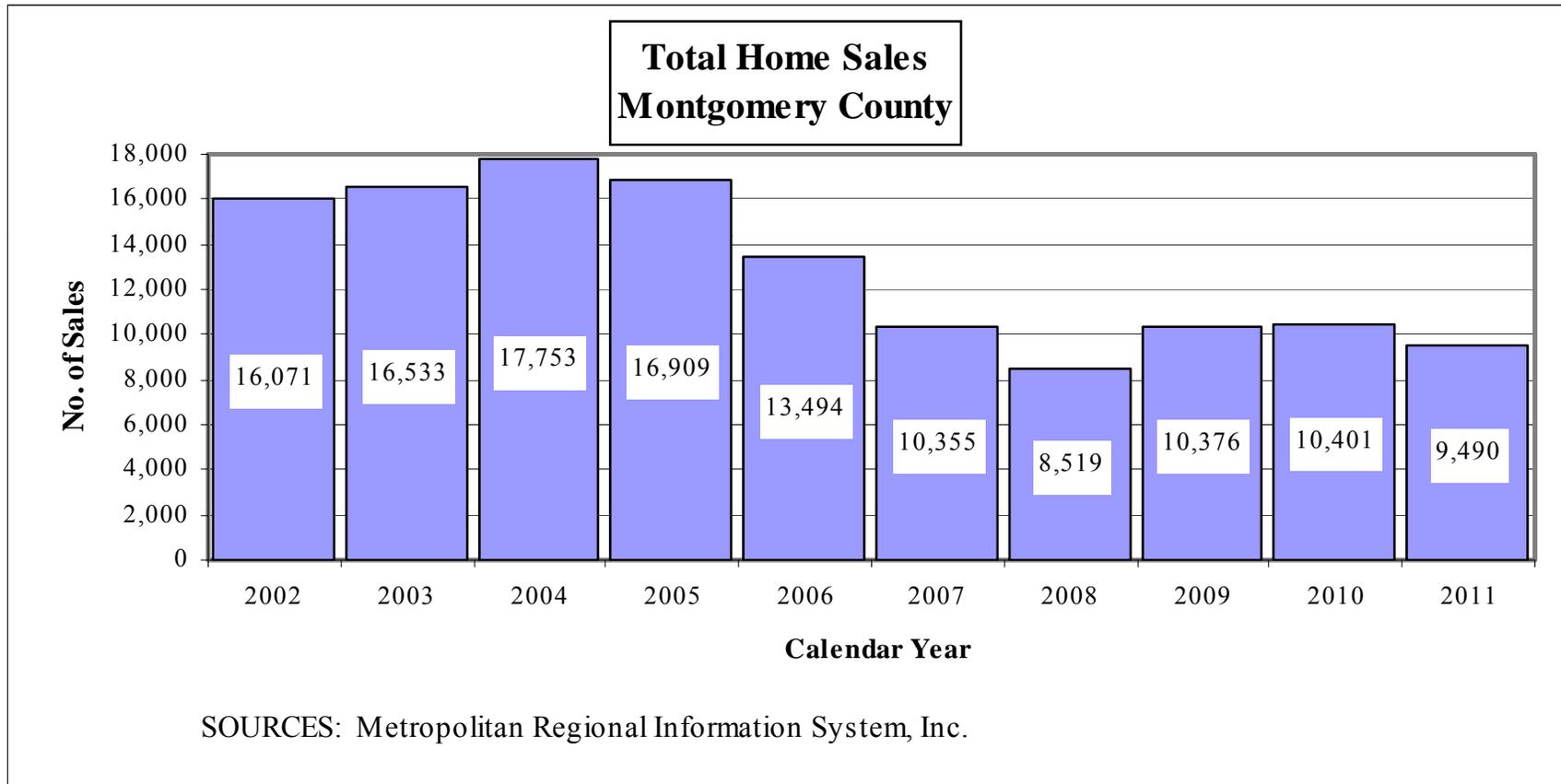
The unemployment rate was down in 2011

The unemployment rate declined from 5.6 percent in 2010 to 5.2 percent in 2011 – but has remained above the 5 percent level the last three years.



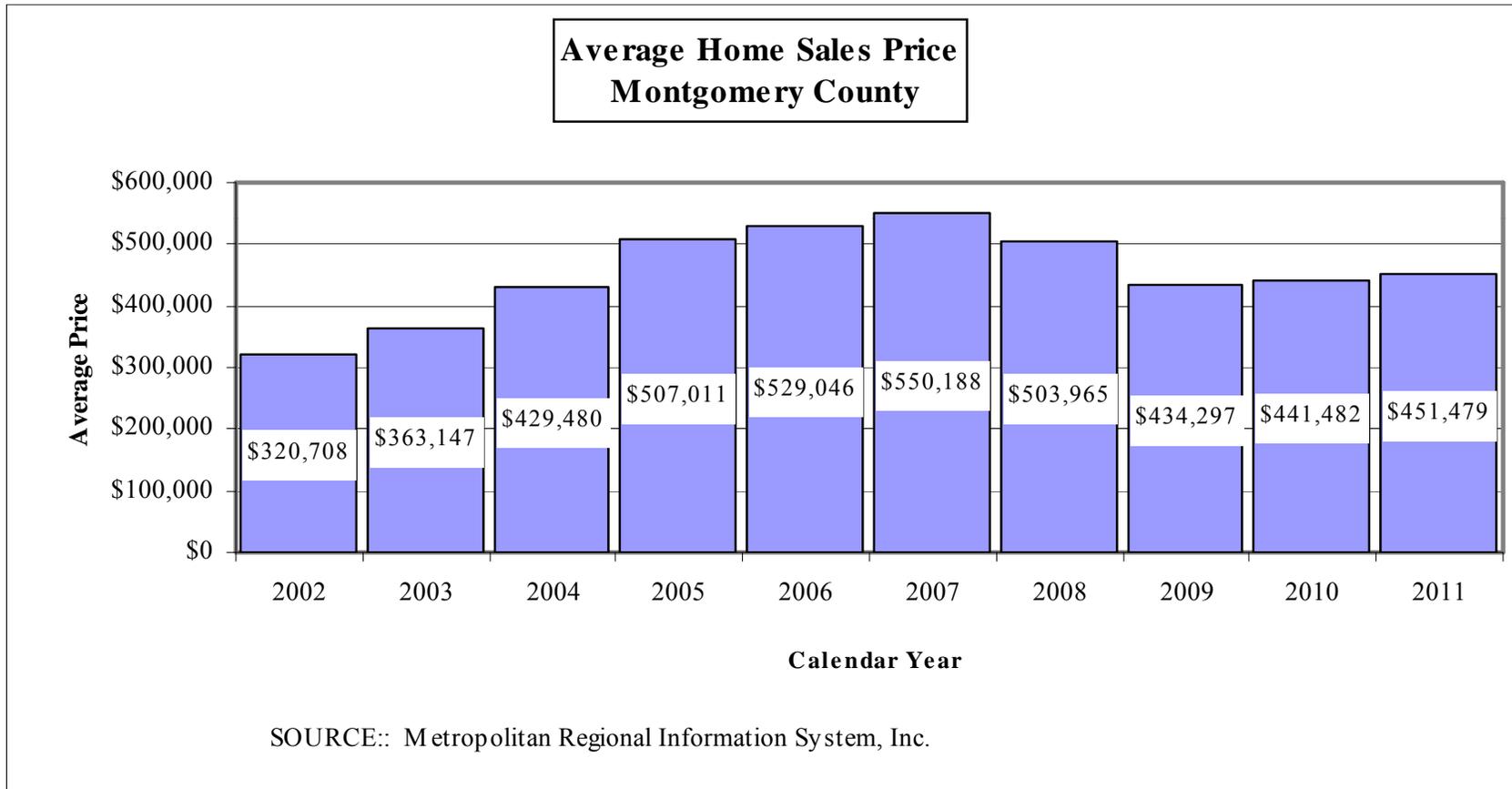
Home sales were down in 2011

Total sales of existing homes decreased 8.8 percent in 2011 compared to an increase of 0.2 percent in 2010. Most of that increase in 2010 occurred during the first half of the calendar year.



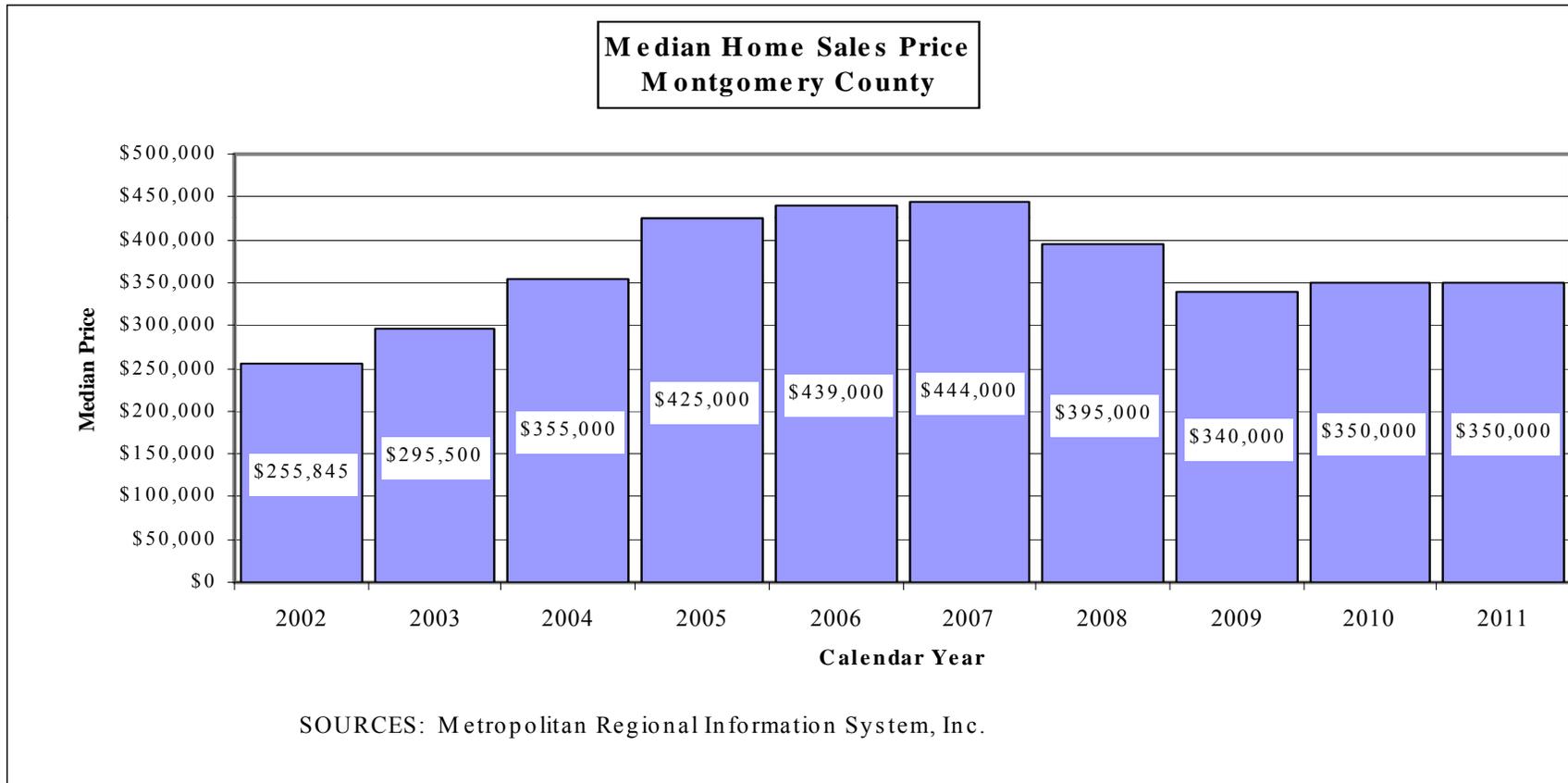
Average home sales prices were up in 2011

While the sales of existing homes in the County decreased in 2011, the average sales price increased 2.3 percent, which followed a decrease of 13.8 percent (2009) and a modest increase of 1.7 percent (2010).



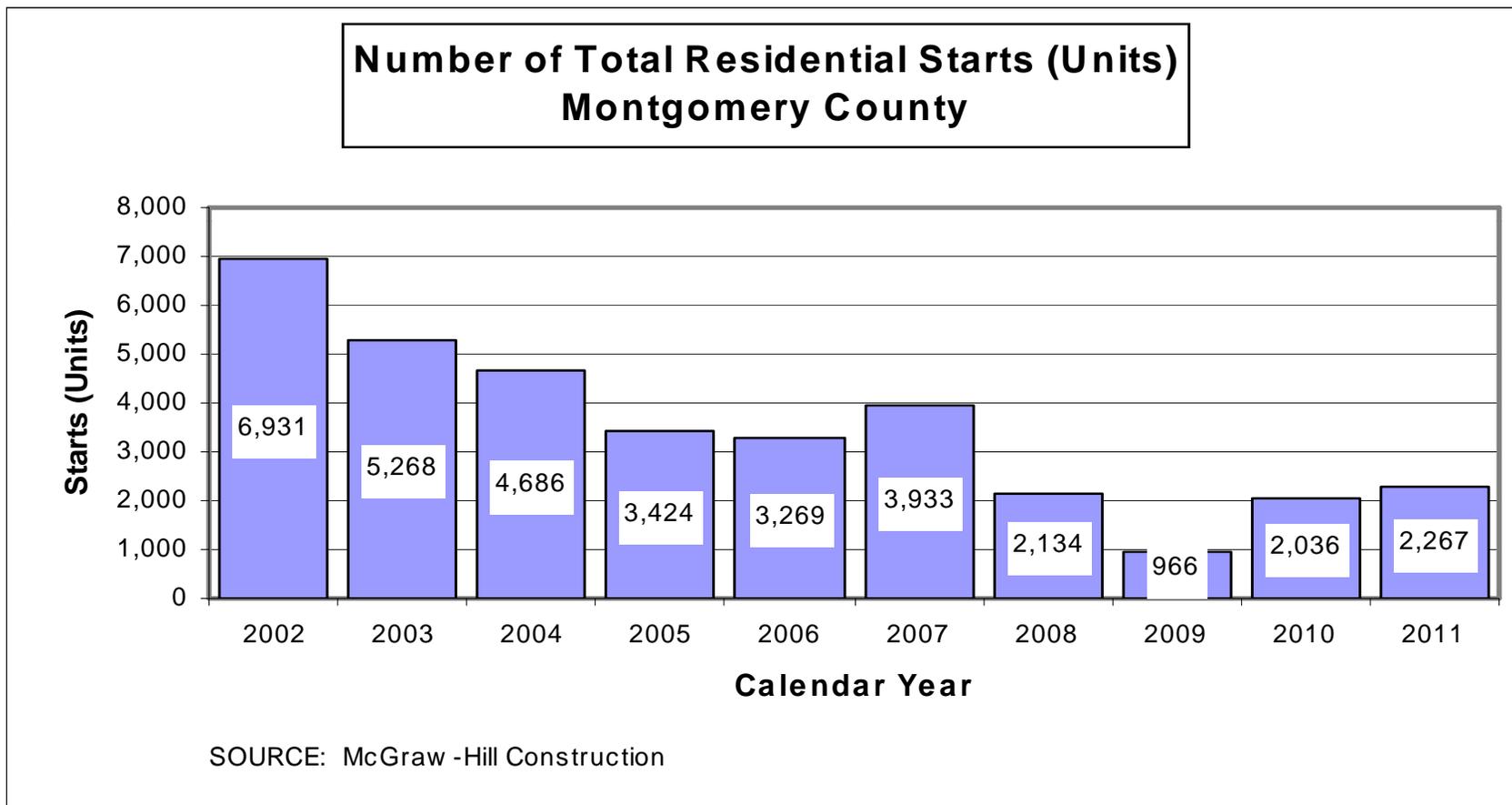
Median home sales prices were flat in 2011

While the average sales price for an existing home in the County increased in 2011, the median sales price remained flat, which followed a decrease of 13.9 percent (2009) and an increase of 2.9 percent (2010).



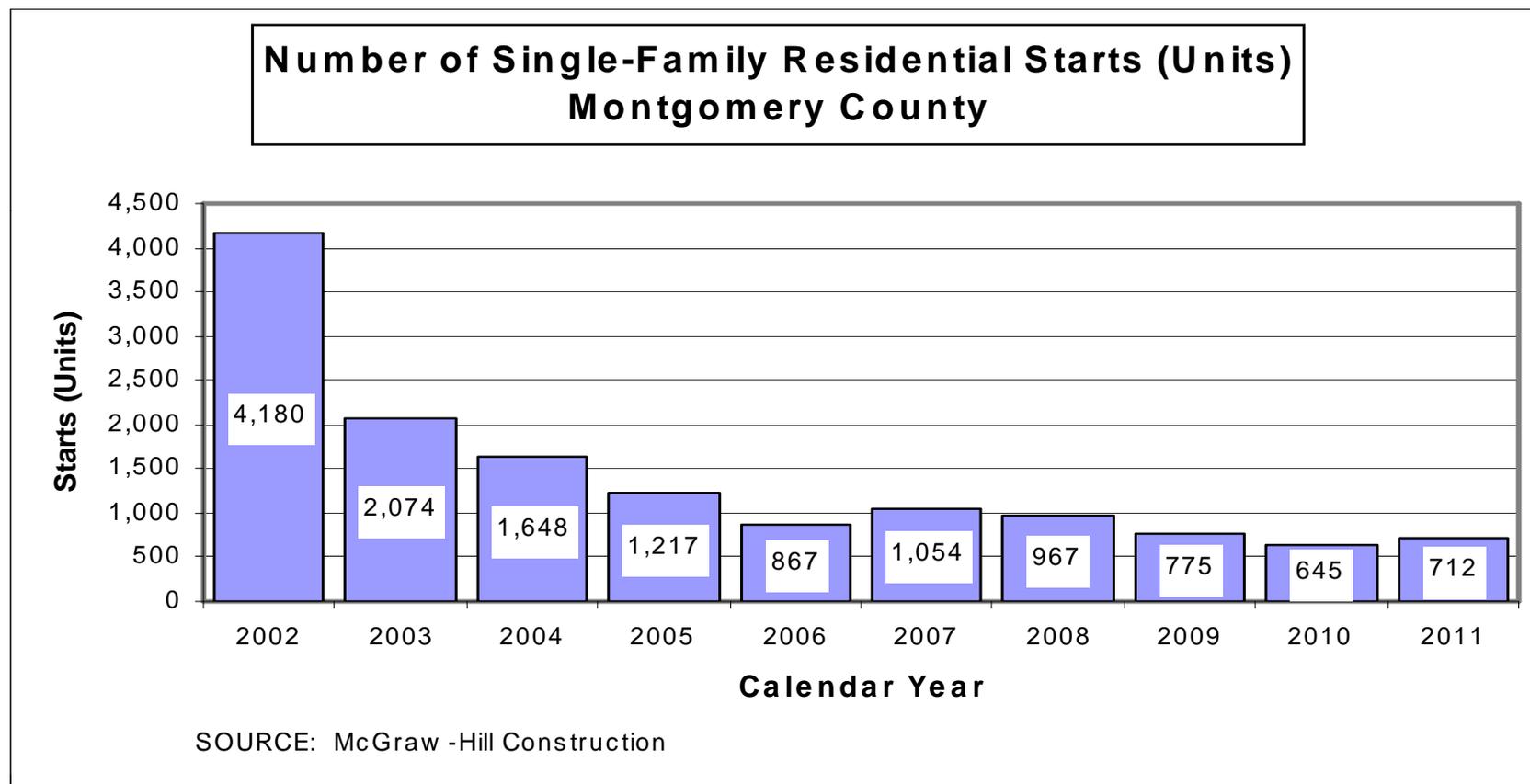
Residential construction down significantly from 2007

Total residential construction declined steadily from 2007 to 2009 attributed to the steady decrease in construction of single-family homes and a significant decrease in multi-family units in 2009. Since 2009, the increase was attributed solely to starts of multi-family units.



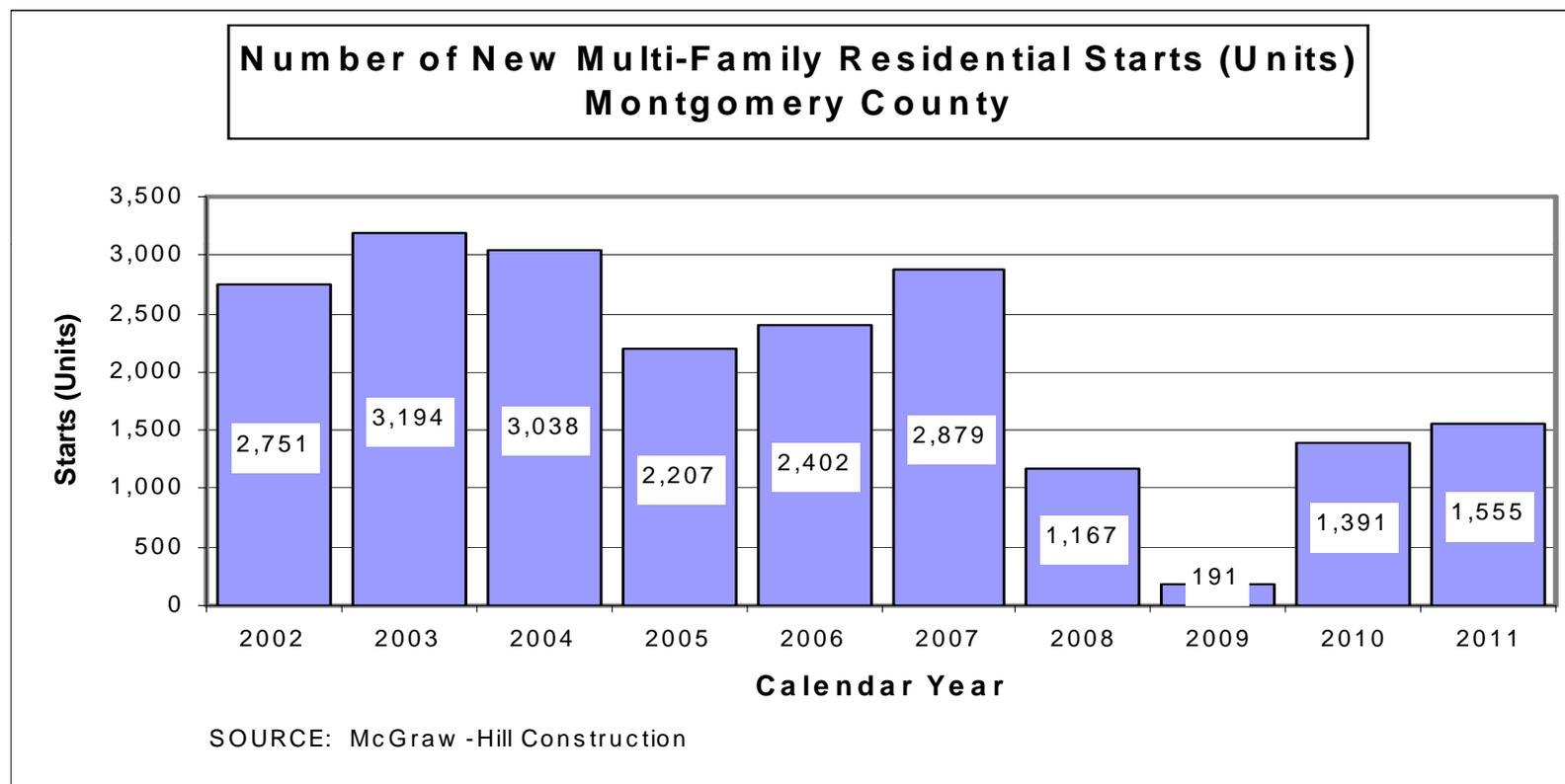
Single-family construction down significantly from 2002

Since 2002, the construction of new single-family homes declined steadily from nearly 4,200 units to less than 715 units in 2011. Since 2006, annual construction of single-family homes was at or below 1,000 units per year.



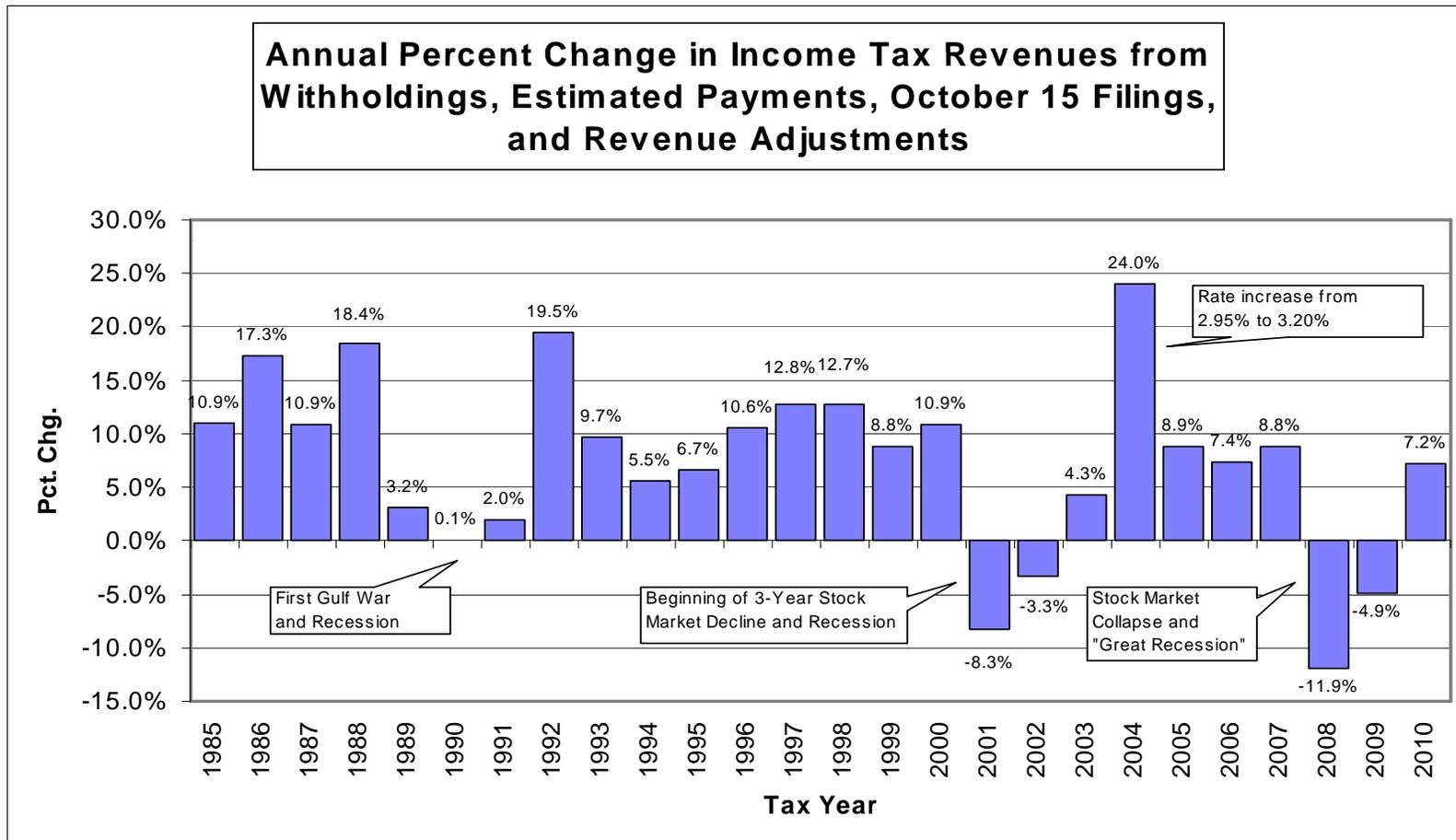
Construction of multi-family units was up in 2011

From 2002 to 2007, the construction of multi-family units averaged nearly 2,750 units per year. With the housing crash, construction declined significantly from 2007 to 2009. Since that time, construction rebounded but not at the level experienced between 2002 and 2007.



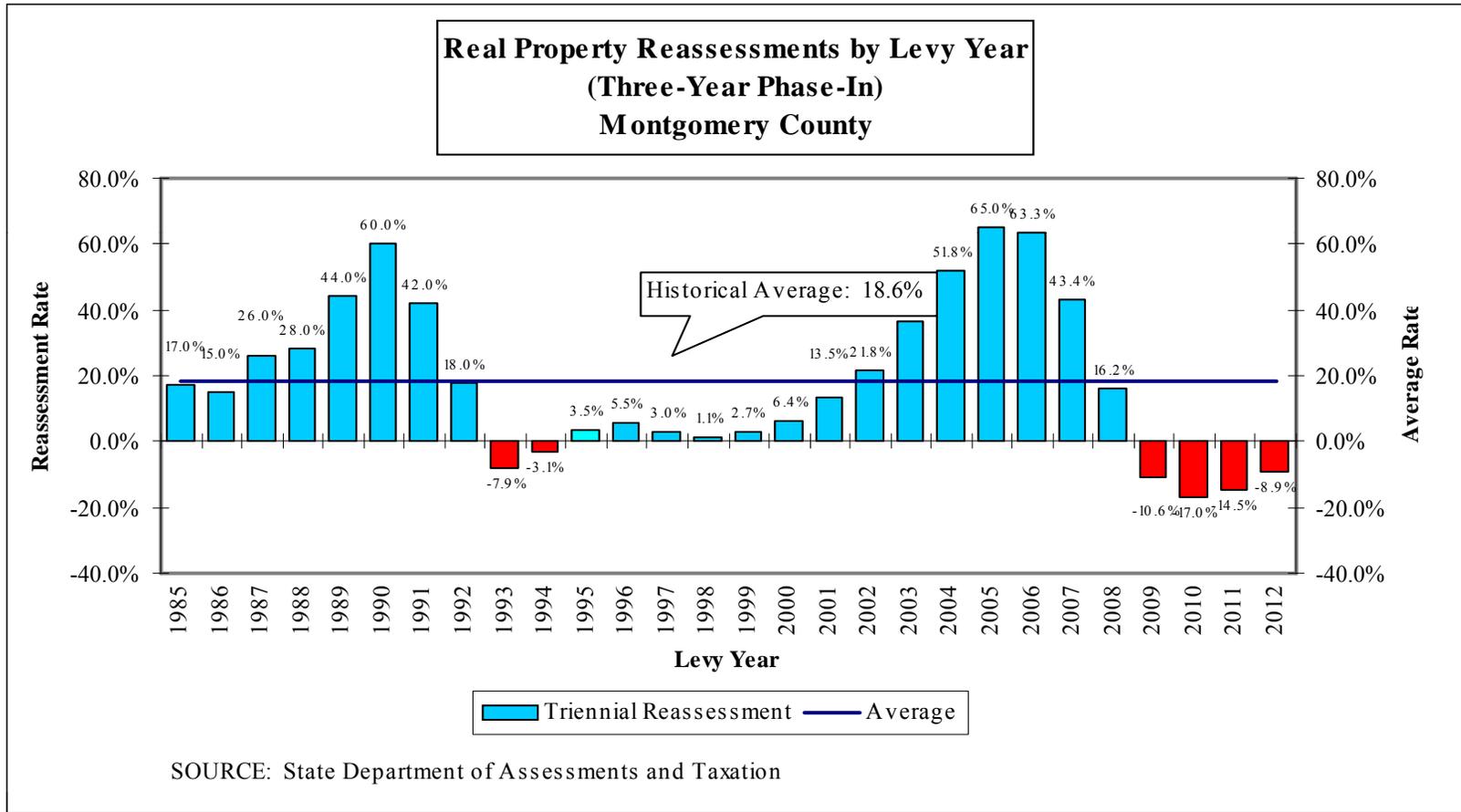
Income Tax Volatility

Year-over-year percent changes in the income tax are volatile and sensitive to economic events especially capital gains in Montgomery County.



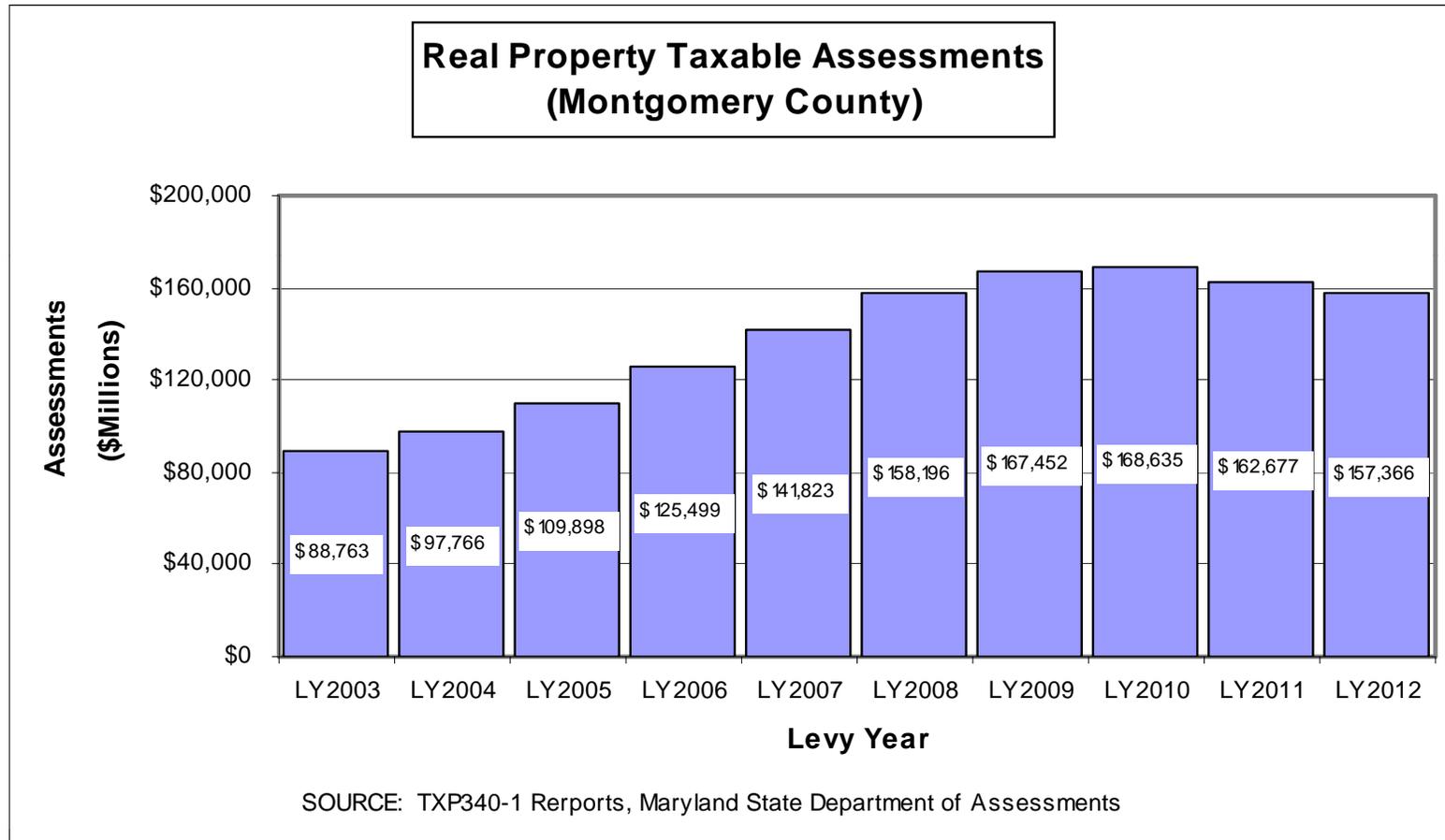
Property Reassessments Declined Four Years in a Row

Reassessments for Group 3 declined 8.9 percent effective for FY13 (Levy Year 2012). This four-year decline is the first such decline in over twenty-eight years.



Total Taxable Assessments Declined in Levy Year 2011 and 2012

Data from the Maryland Department of Assessments and Taxation show that taxable assessments have declined a total of \$11.3 billion over the past two years. This is the largest two-year decline in the past twenty-eight fiscal years. This dramatic decline is a result of the decreases in the reassessment rates for residential properties over the past four years.



SUMMARY

- The County's unemployment rate in the first two months of 2012 has remained at or above 5 percent (5.0% in January and 5.2% in February). However, the increase in 2011 in both the County's resident and payroll employment provide a positive outlook about the employment situation in the County through the remainder of this fiscal year.
- While average home prices have increased, albeit at a modest rate (↑2.3% in 2011), sales of existing homes experienced a decline in 2011 (↓8.8%). Until home sales rebound, the housing market may dampen any significant increase in the transfer and recordation taxes and affect real property taxable assessments.
- Inflation for the Washington-Baltimore region was 3.4 percent in 2011 – the largest annual increase since 2008 (↑4.5%). Prices increased 2.7 percent in January – the smallest year-over-year increase since January of last year (↑2.3%).