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BALTIMORE COUNTY FISCAL DIGEST

GENERAL FUND REVENUES & THE ECONOMY

Baltimore County, Maryland

November 29, 2019

BALTIMORE COUNTY, MARYLAND
OFFICE OF THE COUNTY AUDITOR

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December 23, 2019

Honorable Members of the Baltimore County Council:

I hereby submit the Baltimore County Fiscal Digest of General Fund Revenues and The Economy as of November 29, 2019. This report summarizes current economic conditions affecting the County and includes final (unaudited) FY 2019 General Fund revenue totals and updated FY 2020 General Fund revenue projections.

FY 2019 General Fund revenues are expected to total approximately $2,068.5 million, up approximately $115.6 million, or 5.9%, from FY 2018 revenues. This total is in line with FY 2019 budgeted revenues; however, excluding a $25.0 million one-time transfer from the school system, this would represent a shortfall of $28.6 million, or 1.4%. Income tax collections, which increased by 8.0% and totaled $734.9 million, were the primary driver of FY 2019 revenue growth, rebounding after decreases in FY 2018 and FY 2017. Property tax revenues increased by $32.7 million, or 3.5%, over FY 2018 revenues due to the County's growing assessable base. Property-related transaction taxes and State aid received by the County's General Fund increased modestly. According to unaudited data, assuming no funds are liquidated, the Unassigned General Fund Balance (Surplus) as of June 30, 2019 is expected to total $50.8 million, not including an additional $207.2 million in the Revenue Stabilization Reserve Account (Rainy Day account).

We project that FY 2020 revenues will total $2,205.2 million, an increase of approximately $136.7 million, or 6.6%, over FY 2019 collections, and approximately $48.7 million over budgeted FY 2020 revenues. Excluding the one-time revenue accounted for in FY 2019, this would represent an increase of $161.7 million, or 7.9%, over FY 2019 revenues. The current forecast reflects a $66.5 million upward revision to our previous forecast, primarily due to significantly better-than-expected November income tax collections. A significant portion of the over-attainment in income tax revenues stems from the highly volatile reconciling distribution, which is derived from a small portion of wealthy taxpayers. The withholdings portion of November's distribution also exhibited strong growth, a positive sign for collections over the remainder of FY 2020. Total income tax collections are now expected to grow by $114.9 million, or 15.6%, over FY 2019, due to steady gains in the job market combined with accelerating wage growth, an upcoming increase in the County's tax rate, and the aforementioned strong year-to-date collections. Further driving projected FY 2020 revenue growth is continued growth in property tax revenues, which are expected to increase by $30.9 million, or 3.2%, over FY 2019 revenues, and first-time revenues derived from the County's new cell phone tax. In addition, State aid to the County's General Fund and other minor revenue categories are expected to remain relatively flat. Slightly offsetting FY 2020 revenue growth is an anticipated decline in property-related transaction taxes as home sales volume has contracted.

We will continue to monitor economic activity, revenue collections, and State and federal developments. Our next BCEAC meeting is January 13, 2020.

Respectfully submitted,

Lauren M. Smelkinson

Lauren M. Smelkinson, CPA
County Auditor

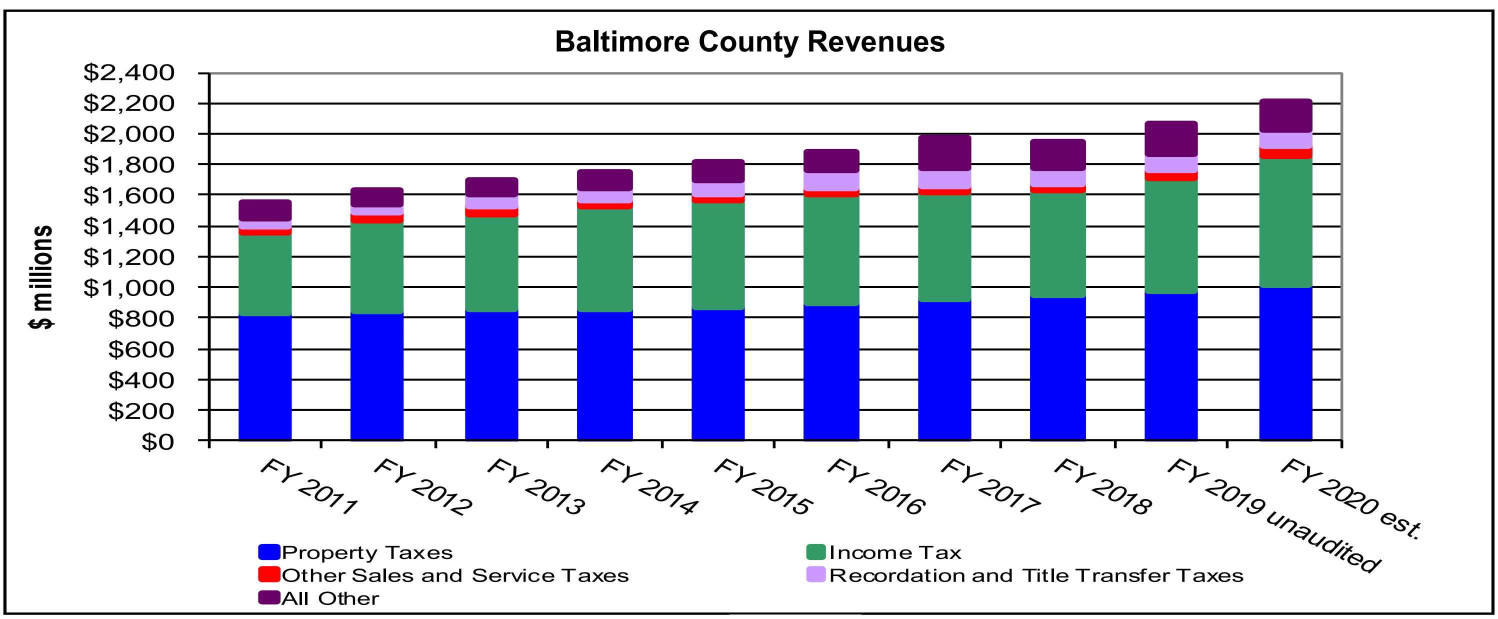
cc: Baltimore County Spending Affordability Committee; Baltimore County Economic Advisory Committee

REVENUE HIGHLIGHTS

Unassigned General Fund Balance (Surplus) as of June 30, 2019 totaled approximately $50.8 million, or 2.5% of FY 2019 budgeted General Fund revenues, based on the most recent unaudited financial records. In addition to the Surplus balance, the Revenue Stabilization Reserve Account (Rainy Day account) balance is expected to total $207.2 million as of June 30, 2019, or 10% of budgeted FY 2019 revenues. The expected Surplus balance and Rainy Day amounts together total $258.0 million, or 12.5% of FY 2019 budgeted General Fund revenues. Actual Surplus totals as of June 30, 2019, which will reflect audited FY 2019 revenues and expenditures, should be available by the end of the calendar year. Effective July 1, 2018, the legally required Rainy Day balance was increased from 5% to 10% of budgeted General Fund revenues, with a floor of 7%.

FY 2019 General Fund revenues (based on the most recent unaudited financial records) totaled approximately $2,068.5 million, up approximately $115.6 million, or 5.9%, from FY 2018 revenues. FY 2019 revenues were driven by solid gains in property and income taxes, as well as a one-time $25.0 million transfer (returned County General Funds previously appropriated to the BCPS capital projects fund, which the Office of Budget and Finance advised will be replaced with future bond funds). Without this one-time transfer, FY 2019 revenues would fall short of budgeted revenues by approximately $28.6 million, or 1.4%. Income tax revenues were the primary driver of FY 2019 revenue growth, totaling $734.9 million, an increase of $54.6 million, or 8.0%, over FY 2018 collections. Accelerated wage growth and adjustments to the federal tax code both contributed to this strong increase. Property taxes continued to show strong and steady growth, increasing by $32.7 million, or 3.5%, from FY 2018. Also contributing to the FY 2019 revenue increase were modest gains in property-related transaction tax revenues, which grew by 4.4%, and State aid to the County's General Fund, which increased by 6.9%.

FY 2020 General Fund revenues are projected to further accelerate to $2,205.2 million, an increase of approximately $136.7 million, or 6.6%, over unaudited FY 2019 revenues. This projection represents an operational surplus of approximately $48.7 million, or 2.3%, more than budgeted FY 2020 revenues, which total $2,156.3 million. This current revenue estimate represents an upward revision of $66.5 million from our previous forecast, primarily due to substantially better-than-expected income tax collections received through November. A significant portion of this growth, however, is related to prior-year taxpayer behavior in response to federal tax code changes. Excluding FY 2019 one-time revenues, this total would represent a greater increase of $161.7 million, or 7.9%, over unaudited FY 2019 collections. The increase in FY 2020 General Fund revenues stems in part from an increase in the County's income tax rate (effective January 1, 2020), as well as a new cell phone tax. FY 2020 income tax collections are now projected to total $849.8 million, an increase of $114.9 million, or 15.6%, over FY 2019 collections. The FY 2020 projected revenue increase is further driven by continued strong growth in property tax revenues, which are expected to increase by $30.9 million, or 3.2%, due in part to the State's January 2019 reassessment of the County's western region; this is the sixth consecutive reassessment that has reflected positive growth. State aid to the County's General Fund is expected to remain largely flat with only minor increases in highway user revenues and direct aid for health and public safety. Slightly offsetting FY 2020 projected revenue growth is a modest $5.7 million, or 5.0%, decline in property-related transaction tax revenues as the housing market cools and home sales continue to decrease.



REVENUE FORECAST & ECONOMIC OUTLOOK

The FY 2019 General Fund revenue increase results from rebounding income tax collections, continued gains in property taxes, modest gains in property-related transaction taxes, and $25 million in one-time revenue. Further revenue growth is expected in FY 2020 with substantial growth in income tax collections, continued growth in property taxes, and revenues from a new cell phone tax. Growth is slightly offset by the loss of one-time FY 2019 revenue.

Revenue Source ($ Millions)	Actual FY 2018	FY17-18 Change	Unaudited FY 2019	FY18-19 Change	Est. FY 2020	FY19-20 Change
Property Taxes	$ 947.4	3.1%	$ 980.1	3.5%	$ 1,011.0	3.2%
Income Tax	680.3	-2.5%	734.9	8.0%	849.8	15.6%
Sales & Service Taxes	45.9	-2.1%	44.6	-2.8%	61.3	37.4%
Recordation Tax	34.2	-5.0%	35.9	5.0%	34.1	-5.0%
Title Transfer Tax	75.4	-1.2%	78.5	4.1%	74.6	-5.0%
Intergovernmental	49.2	2.9%	52.6	6.9%	53.1	1.0%
All Other	120.5	-18.7%	141.9	17.8%	121.3	-14.5%
Total Revenue	$ 1,952.9	-1.0%	$ 2,068.5	5.9%	$ 2,205.2	6.6%

Data indicate that the County's economy remains strong but the global and national economies continue to experience instability, foreshadowing a looming recession. The region remains at full employment, wage growth continues to accelerate, and inflation is relatively low. The County's housing market has held relatively steady and rising home sales prices should sustain County homeowners' confidence in their financial prospects. In addition, development in the County continues, adding jobs and spurring both short and long-term growth in the County's assessable tax base. Nationally, trade uncertainty, particularly between the U.S. and China, has somewhat dampened business investment and the manufacturing sector. In addition, the U.S. stock market remains turbulent as it responds to volatility in the global and national markets. The Federal Reserve's Federal Open Market Committee reduced its interest rate target range at its October 2019 meeting, marking the third cut made during CY 2019. Typically, cuts are a sign of perceived economic volatility or enhanced recessionary pressures. Notable data from various sectors of the economy include:

- **Retail vacancy rates in the region have fallen, and State sales tax receipts from local retailers have shown strong growth, which is a positive sign for the County's retail sector and the ongoing holiday shopping season.** In addition, commercial vacancy rates have also declined in the County, showing employer confidence in investing in the County and adding jobs. This investment also contributes to the County's rising assessable base.

- **The County's year-over-year unemployment rate continues to fall, with gains in both the number of employed residents and the labor force, indicating ongoing strength in the County's labor market**. In addition, wages continue to rise, most recently increasing in the County by 2.2% during the 2018:Q1 to 2019:Q1 period. Sustained growth in both the number of employed residents and wages is reflected in expected gains in income tax collections.

- **The County's housing market is holding steady, as average and median home sales prices in the County have maintained an upward trajectory, but year-over-year home sales growth continues to decrease modestly.** Year-over-year home sales through October have declined, and most recently in October 2019, home sales in the County fell by 12.9% from October 2018. However, both the median sales price and average sales price rose by 2.3% and 0.1%, respectively, over the same period. The County's available housing inventory continues to shrink, which should put further pressure on sales prices and is reflected in the falling home sales numbers. In addition, mortgage interest rates have fallen substantially since peaking in November 2018 and are expected to fall further, which could decelerate the drop in home sales and potentially lead to a reversal going into the spring home sales market.

NATIONAL ECONOMIC INDICATORS

In 2019:Q3, the U.S. economy grew at an annualized rate of 2.1%, a slight acceleration from the previous quarter.

Real U.S. Gross Domestic Product (GDP) in 2019:Q3 increased at an annualized rate of 2.1%, a slight acceleration from a 2.0% increase in 2019:Q2. GDP growth in 2019:Q3 was led by personal consumption expenditures, which continue to drive the nation's sustained economic growth (see detailed discussion to follow). Growth was further buoyed by an increase in government consumption expenditures of 1.6%. This growth was driven primarily by a 3.4% increase in federal government expenditures, specifically, nondefense and defense spending, which increased 5.1% and 2.2%, respectively, along with a 0.5% increase in state and local government spending. GDP growth in 2019:Q3 was partially offset by an increase to the national trade deficit, as imports of goods and services rose by 1.5%, while exports only increased by 0.9%. GDP growth in 2019:Q3 was further offset by a slight decrease in gross private domestic investment of 0.1% (with 12.0% and 3.8% contractions in nonresidential structures and equipment investment, respectively). For all of 2018, real GDP grew by 2.9%, above both the 2.4% growth in 2017 and the 10-year average of 1.8%. The November 2019 release of the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters* projects real GDP growth of 2.3% for all of 2019, followed by a deceleration to 1.8% in 2020. Looking beyond FY 2019, the *Survey of Professional Forecasters* projects GDP growth of 2.0% in both 2021 and 2022.

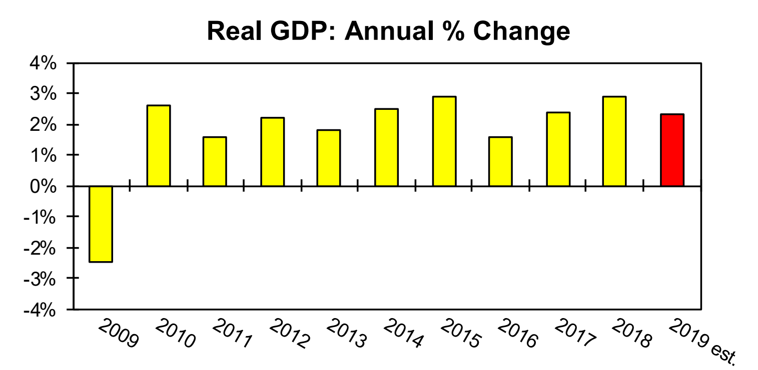
After real GDP grew by 2.9% in 2018, real GDP growth is projected to decelerate to 2.3% in 2019 and to 1.8% in 2020.

Real consumer spending grew at an annualized rate of 2.9% in 2019:Q3.

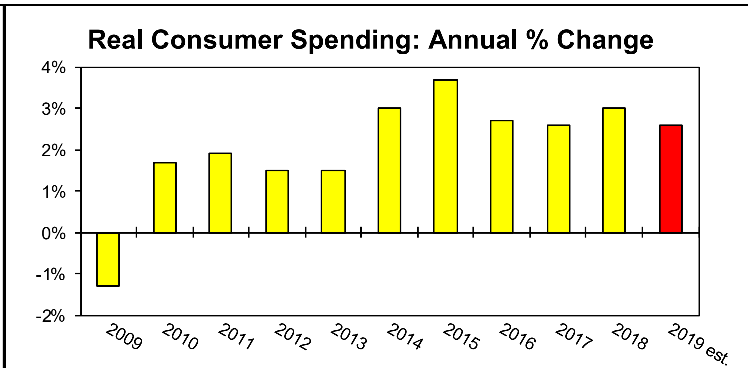
Real consumer spending, which accounts for roughly two-thirds of all U.S. economic activity, increased by 3.0% for all of 2018, the ninth consecutive yearly increase. Consumer spending during 2019:Q3 increased at an annualized rate of 2.9%, a deceleration from an increase of 4.6% in 2019:Q2. During 2019:Q3, consumer spending on durable goods decelerated, posting an increase of 8.3%, following an exceptional increase of 13.0% in 2019:Q2. Consumer spending on nondurable goods also decelerated, increasing by 4.3%, following an increase of 6.5% in 2019:Q2. Over the same period, growth in consumer spending on services decelerated from 2.8% to 1.7%. The *Survey of Professional Forecasters* projects that consumer spending will increase by 2.6% for all of 2019.

Consumer confidence decreased in November for a fourth consecutive month.

Consumer confidence, based on a survey of 5,000 U.S. households by The Conference Board (a well-known economic research organization), declined further in November, following a decrease in October. The "Present Situation Index" was responsible for the decrease while the "Expectation Index" posted a slight increase. The Conference Board noted, "Consumer confidence declined for a fourth consecutive month, driven by a softening in consumers' assessment of current business and employment conditions" and that "[t]he decline in the Present Situation Index suggests that economic growth in the final quarter of 2019 will remain weak. However, consumers' short-term expectations improved modestly, and growth in early 2020 is likely to remain at around 2 percent. Overall, confidence levels are still high and should support solid spending during this holiday season."



Estimate Source: *Survey of Professional Forecasters*, November 2019



Estimate Source: *Survey of Professional Forecasters*, November 2019

The Federal Reserve's Federal Open Market Committee (FOMC) lowered interest rate targets to the 1.5% to 1.75% range at its October 2019 meeting.

Interest rate targets were lowered to the 1.5% to 1.75% range at the October 30, 2019 meeting of the Federal Reserve's Federal Open Market Committee (FOMC), the third rate cut of CY 2019. The FOMC stated that "the labor market remains strong and that economic activity has been rising at a moderate rate." The FOMC further stated that "[j]ob gains have been solid, on average, in recent months, and the unemployment rate has remained low. Although household spending has been rising at a strong pace, business fixed investment and exports remain weak." The FOMC noted that "[o]n a 12-month basis, overall inflation and inflation for items other than food and energy are running below 2 percent." The FOMC advised that "[i]n light of the implications of global developments for the economic outlook as well as muted inflation pressures, the Committee decided to lower the target range for the federal funds rate to 1-1/2 to 1-3/4 percent." The FOMC further advised that "[t]his action supports the Committee's view that sustained expansion of economic activity, strong labor market conditions, and inflation near the Committee's symmetric 2 percent objective are the most likely outcomes."

The FOMC advised that the target rate range was lowered "[i]n light of the implications of global developments for the economic outlook as well as muted inflation pressures….."

INTEREST RATE CHANGE FROM OCTOBER 2018 TO OCTOBER 2019

	Basis Points*
90-Day Treasury Bills	-61
10-Year Treasury Bonds	-144
30-Year Conventional Mortgage	-114

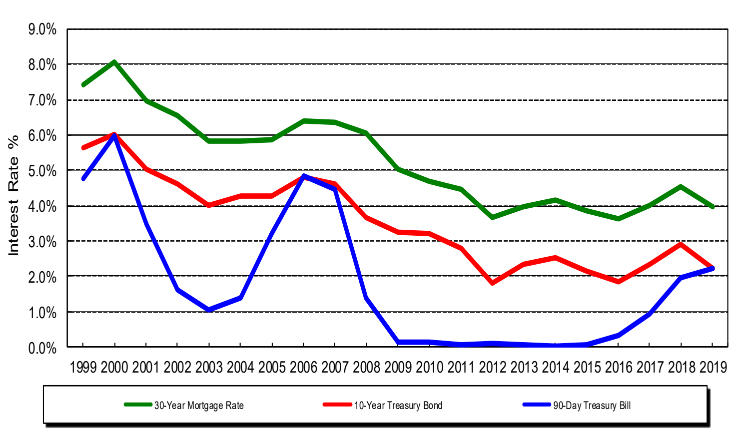
* A basis point is equal to .01 percentage point.

Short-term interest rates are likely to remain within the 1.5% to 1.75% target range through 2019, with the FOMC signaling a "wait-and-see" policy stance for 2020.

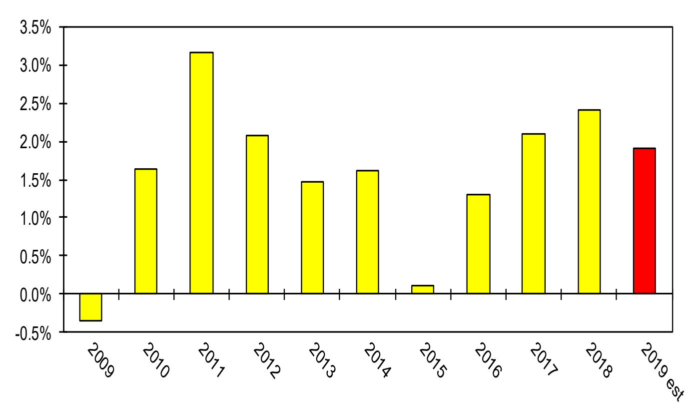
From October 2018 to October 2019, consumer inflation increased by 1.8% and is forecast at 1.8% and 2.1% for CY 2019 and CY 2020, respectively.

Inflation, as measured by the Consumer Price Index-All Urban Consumers (CPI-U), most recently posted an annualized increase of 1.8% from October 2018 to October 2019, and has remained at or below 2.0% growth during 2019. This price growth was primarily driven by medical care, hospital services, and shelter which increased by 4.3%, 3.5%, and 3.3%, respectively, on an annualized basis. Price growth was offset by notable decreases in gasoline and energy, which declined 7.3% and 4.2%, respectively, on an annualized basis. Core inflation (which excludes food and energy inflation) was 2.3% from October 2018 to October 2019. Growth in the CPI-U is expected to average 1.8% in CY 2019, followed by 2.1% in CY 2020, according to the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters*, November 2019. The *Survey* projects that annual inflation will average 2.2% over the 2019 to 2028 period, compared to an average actual increase of 1.6% over the 2009 to 2018 period.

Average Annual Interest Rates



% Change in Consumer Price Index



Estimate Source: *Survey of Professional Forecasters*, November 2019

LOCAL ECONOMIC PERSPECTIVE

EMPLOYMENT

County employment has accelerated during CY 2019 and most recently increased by 4.0% year-over-year in October 2019.

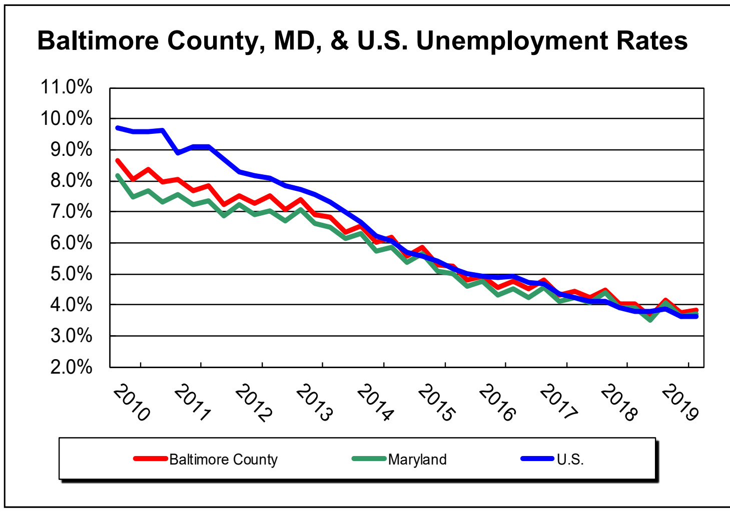
Employment, in both Baltimore County and Maryland, as measured by place of residence, increased notably during October 2019, marking the 13th month of consecutive year-over-year growth. Over the October 2018 to October 2019 period, Baltimore County residential employment increased by 17,337 persons, or 4.0%, while Maryland residential employment increased by 109,310 persons, or 3.6%. This is the highest increase for the County since December 2000. Year-over-year employment growth in the County and the State has accelerated during CY 2019, following below 1% employment growth in every month throughout 2018. As the labor force in both Maryland and the County also continues to grow during CY 2019, increasing by 1.5% and 1.9% on average through October, respectively, the economy remains at a level considered to be full employment. Employment growth that is outpacing labor force growth tends to drive wages higher.

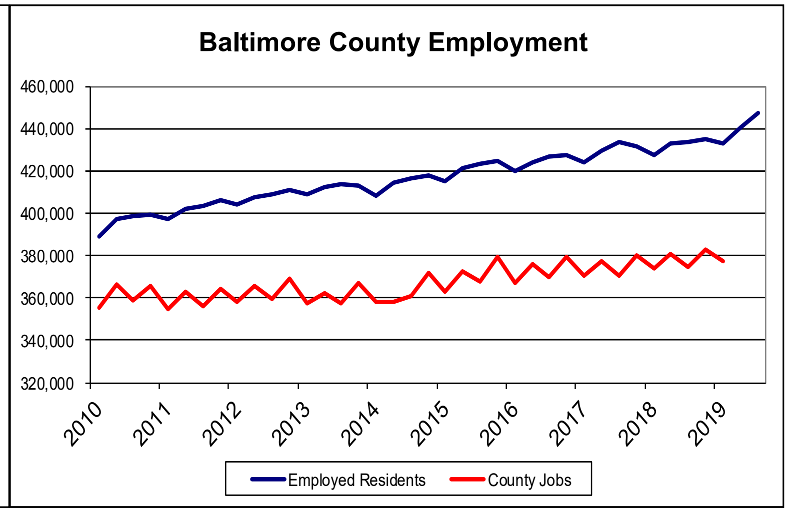
The County's October 2019 unemployment rate was 3.4%, down from 3.8% a year earlier, due primarily to an increase in the number of employed residents.

Employment growth that is outpacing labor force growth also, by definition, drives down the **unemployment rate**. The unemployment rate among County residents was 3.4% in October 2019, down from 3.8% a year earlier, and slightly above the State rate of 3.2%. As of October 2019, 13 Maryland counties had unemployment rates lower than Baltimore County's rate. Nationally, the seasonally adjusted unemployment rate was 3.6% in October 2019, down from 3.8% in October 2018.

The number of County jobs increased by 1.0% over the 2018:Q1 to 2019:Q1 period, while County employer payrolls rose 2.2%. Similar job growth is anticipated heading into 2020.

Jobs data, as measured by place of work, show that from 2018:Q1 to 2019:Q1, the number of jobs in both the County and Maryland increased by 1.0% and 1.2%, respectively, as County and Maryland employers added an estimated 3,816 and 31,555 positions, respectively. Over the same period, total wages posted continued moderate growth, rising 2.2% in the County and 2.7% at the State level, following growth in the prior quarter of 3.7% and 2.6%, respectively. County job growth in 2019:Q1 was driven by the private sector, primarily the trade, transportation, and utilities industry, which saw an increase of 3,616 jobs over 2018:Q1. Nationally, non-farm payrolls increased by approximately 2.2 million jobs, or 1.5%, from 2018:Q3 to 2019:Q3. The pace of national job growth has accelerated in recent months, with the nation adding an average of 170,400 jobs per month in 2019:Q3, up from an average of 145,800 jobs per month in 2019:Q2. In its April 2019 report, Sage Policy Group, Inc. predicted job growth in CY 2020 of 0.6% and 0.7% in the County and Maryland, respectively, compared to anticipated national job growth of 0.8%. The forecasts slightly exceeded anticipated CY 2020 population growth of 0.6% for both the County and the State.





PERSONAL INCOME

The most recent estimate predicts County personal income growth of 3.64% in FY 2019, followed by an acceleration to 4.12% in FY 2020.

Sage Policy Group, Inc. (Sage) estimated in its April 2019 report (the most recent data available) that Baltimore County's personal income (PI) will increase by 3.64% in FY 2019, a notable downgrade from predicted growth of 4.31% in its January 2019 forecast. This forecast follows an estimated increase of 3.44% in FY 2018 and an actual increase of 3.97% in FY 2017. Looking forward, Sage predicted that the County's PI growth will accelerate to 4.12% in FY 2020. Sage's Maryland outlook was for similar-magnitude growth—3.69% and 4.37% for FY 2019 and FY 2020, respectively. For FY 2021, Sage predicted PI growth of 3.21% in Baltimore County and 3.30% in Maryland, up from its January 2019 forecasts of 3.01% and 3.11%, respectively.

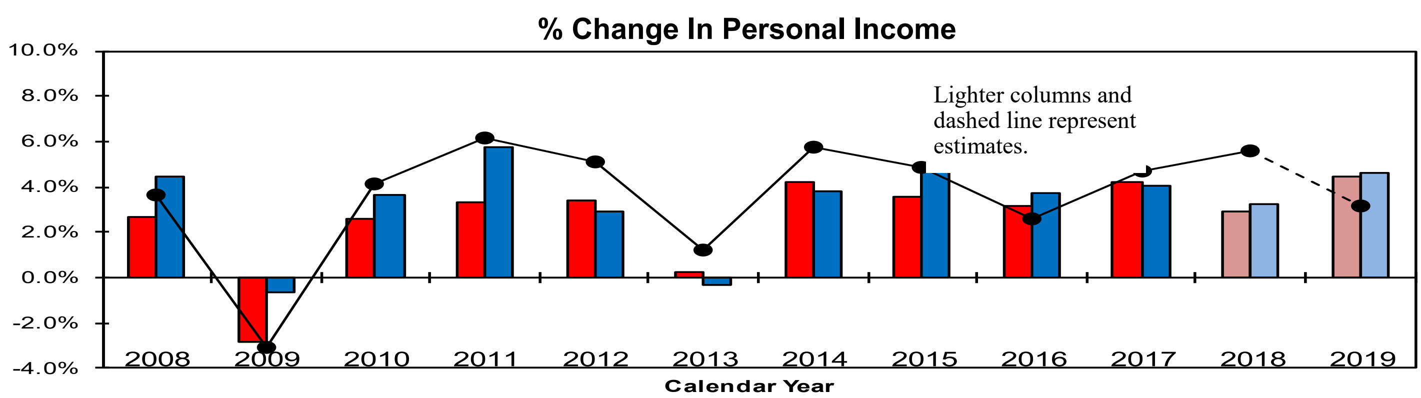
Over the last decade, personal income growth in the County has lagged both State and national growth levels.

The nation's nominal household wealth grew by 1.7% from 2019:Q1 to 2019:Q2 and increased 0.6% during CY 2018.

Over the 2008 to 2017 period, national PI advanced 35.7%, exceeding both Maryland and Baltimore County PI growth of 31.4% and 23.9%, respectively. National PI growth decelerated from growth of 39.4% during the 2001-2010 decade, and PI growth has markedly slowed locally after posting increases of 45.0% in Maryland and 34.4% in the County over the same period. The most recent quarterly reading for Maryland shows that PI increased by 1.0% from 2019:Q1 to 2019:Q2, slightly below the national PI increase of 1.1% over the same period. (County data are reported annually.) Nationally, in 2019:Q3, wages and salaries comprised 50.0% of PI, essentially equal to their share in 2018:Q3. 2019:Q3 old-age/disability/health insurance benefits increased 7.7% over 2018:Q3 levels and comprise 13.3% of PI, slightly above their composition in 2018:Q3. Meanwhile, unemployment benefits decreased further, by 3.0% over the same period, reflecting continued gains in employment and the overall economy. Nationally, wage growth accelerated, with private average hourly wages most recently increasing by 3.2% in October from a year earlier, following an annualized increase of 3.0% in September. During 2019:Q1, Baltimore County's average weekly wages totaled $1,092, up 1.3% from 2018:Q1, but remain below both the national and State average of $1,197. The Federal Reserve reported that nominal household wealth increased 0.6% during CY 2018. Most recently, nominal household wealth grew by 1.7% from 2019:Q1 to 2019:Q2, following a 5.0% increase during the previous quarter.

For FY 2020, the County's Spending Affordability Committee recommended a spending growth rate of 3.94%.

For FY 2020, the County's Spending Affordability Committee recommended a maximum spending growth rate of 3.94% based on a 4-year average of Sage's January 2019 estimates/forecasts of annual County PI growth for FY 2017 to FY 2020. Based solely on Sage's April 2019 forecasts of annual County PI growth for FY 2021 and FY 2022 and the estimated growth in prior years, the projected maximum spending growth recommendation would be 3.60% for FY 2021 and 3.58% for FY 2022.



Estimate source: Sage Policy Group, April 2019

EXISTING HOME SALES

In October 2019, the number of existing home sales totaled 830, a decrease of 12.9% from a year earlier.

The median price of existing homes sold in Baltimore County in October 2019 was $249,000, an increase of 2.3% from October 2018.

Existing home sales in Baltimore County totaled 9,951 units in FY 2019, 5.3% below FY 2018 sales. While total home sales declined in FY 2019, both median and average sales prices increased, and this trend has continued into FY 2020. Most recently, in October 2019, 830 homes were sold, a decrease of 123, or 12.9%, from October 2018, while the median price of an existing Baltimore County home sold increased 2.3%, to $249,000. Additionally, the typically more volatile average sales price rose 0.1% over the same period. The active inventory in Baltimore County decreased 23.9% from October 2018 to October 2019, marking six consecutive months of annualized decreases of 8.0% or greater. Continued shrinking of the active home inventory should put further pressure on price growth. Changes in real estate prices have been more substantial across Maryland than in the County. During October 2019, average and median sales prices in Maryland increased 5.9% and 7.1% over October 2018, respectively. Compared to the County, the number of existing homes sold in Maryland decreased more modestly, with sales falling 2.7% from October 2018 to October 2019.

The number of pending home sales in October 2019 totaled 1,004, an increase of 20.2% from a year earlier.

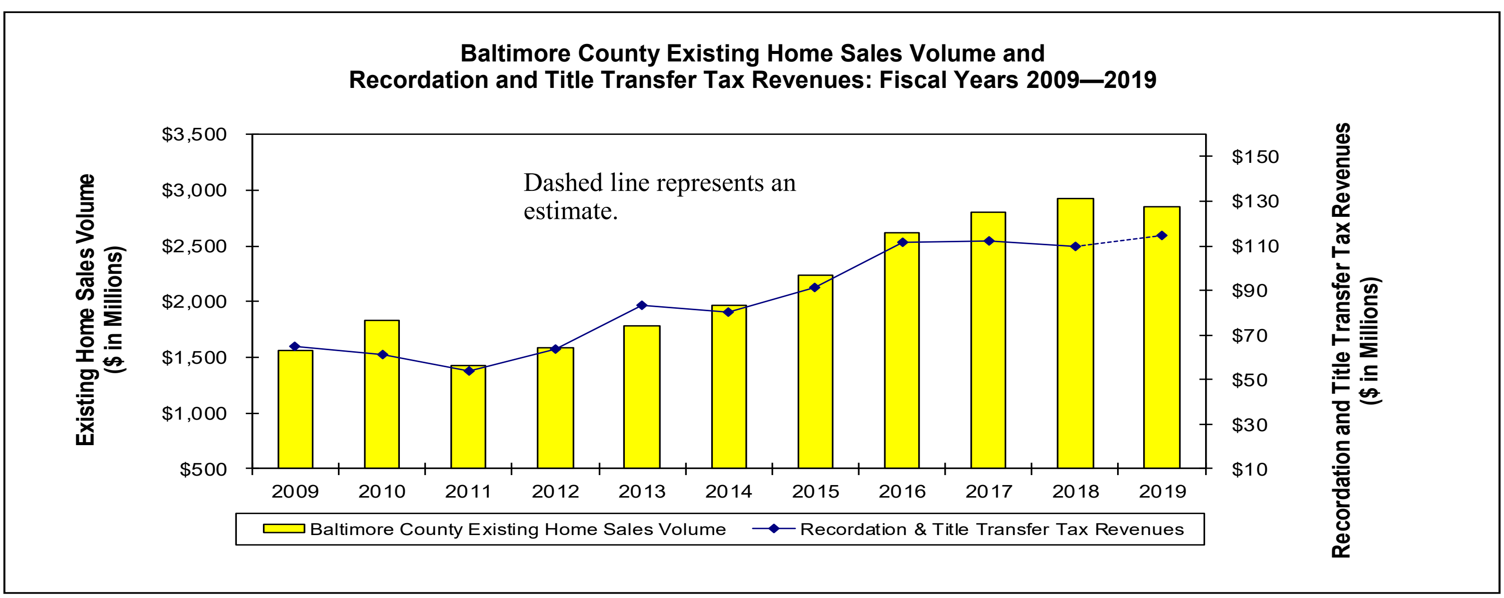
Pending existing County home sales in October 2019 totaled 1,004, an increase of 169, or 20.2%, over October 2018, following a 15.9% year-over-year increase in September 2019. The months of inventory (i.e., the time needed to absorb the current inventory at the present sales price) in the County remains low, most recently falling to 2.5 months in October 2019 from 3.5 months in October 2018, a positive sign for sellers.

Reflecting lower mortgage interest rates, the monthly mortgage payment for a median-priced County home decreased 10.7% in October 2019 compared to October 2018.

Mortgage interest rates (for 30-year conventional mortgages) in October 2019 were 3.69%, down 114 basis points from October 2018 when rates were 4.83%. The monthly payment for a median-priced Baltimore County home (financed with a 30-year conventional mortgage loan) was $1,145 in October 2019, a 10.7% decrease from the October 2018 level of $1,282 (principal and interest only), reflecting a significant decrease in mortgage interest rates, partially offset by a slightly higher median sales price. Mortgage rates are anticipated to remain steady during CY 2019.

Property-related transaction tax revenues grew by 4.4% in FY 2019 but are expected to fall slightly to $108.7 million in FY 2020.

Property-related transaction tax revenues (recordation and title transfer tax revenues) are expected to total $114.4 million in FY 2019, an increase of 4.4% over FY 2018, rebounding from a decrease of 2.4% in FY 2018. These revenues are expected to decrease modestly during FY 2020, largely due to diminishing inventory inhibiting home sales growth, offset somewhat by growth in sales prices.



CONSTRUCTION

The total value of construction permits issued in 2019:Q2 was $415.9 million, an increase of $138.9 million, or 43.8%, over 2018:Q2.

The construction industry, typically among the most volatile components of the County's economy, has been particularly active during the past four years. The value of construction permits issued during CY 2018 totaled $853.5 million, a decrease of $555.5 million, or 39.4%, from CY 2017. Most recently, the value of construction permits issued in 2019:Q2 totaled $415.9 million, an increase of $138.9 million, or 50.2%, from 2018:Q2. This permit valuation is 43.8% above the 7-year average of 2nd quarter activity. New non-residential construction permits were valued at $193.5 million in 2019:Q2, an increase of $128.7 million, or 198.3%, over 2018:Q2, and were 199.8% above the 7-year average of 2nd quarter activity. Four new non-residential construction permits valued at or above $250,000 were issued in the County in 2018:Q4, (the most recent reporting period available), including permits for a three-story storage building in Cockeysville valued at $2.0 million and three permits for shell buildings in Catonsville, Reisterstown/Owings Mills, and Owings Mills valued at $900,000, $400,000, and $250,000, respectively.

In 2019:Q2, the total number of new residential building permits decreased by 40.4%, and the dollar value decreased by 27.9%, compared to a year earlier.

New residential building permits issued in 2019:Q2 totaled 235, a decrease of 159, or 40.4%, from 2018:Q2 (a decrease of 97 multi-family and 62 single-family unit permits). The value of the new residential building permits issued in 2019:Q2 totaled $54.8 million, a decrease of $21.2 million, or 27.9%, from 2018:Q2 values, following a 24.8% year-over-year increase in 2019:Q1. The value of new residential building permits in 2019:Q2 is 14.8% below the 7-year average of 2nd quarter activity.

The value of additions, alterations, and repairs activity in 2018:Q2 increased by 23.1% from a year earlier to $167.6 million.

Additions, alterations, and repairs (AAR) permit values in 2019:Q2 totaled $167.6 million, up $31.5 million, or 23.1%, from 2018:Q2 and 4.5% above the 7-year average of 2nd quarter activity. From 2018:Q2 to 2019:Q2, the value of residential AAR permits decreased by 11.2%, and the value of non-residential AAR permits increased by 34.5%.

Construction employment, which represented 6.2% of County jobs in 2019:Q1, increased by 1.6% over 2018:Q1.

Construction employment increased on an annualized basis by 380 jobs, or 1.6%, and represented 6.2% of County jobs during 2019:Q1. Over the same period, average weekly wages in the construction sector were $1,218, a decrease of $6, or 0.5%, but 8.7% above the County average in 2019:Q1.