Table of Contents

Office of the County Auditor

Lauren M. Smelkinson, CPA
County Auditor

Elizabeth J. Irwin
Deputy County Auditor
Director, Fiscal and Policy Analysis

Carrie B. Vivian
Supervisor, Fiscal & Policy Analysis

Michael R. Walther
Senior Fiscal & Policy Analyst

BALTIMORE COUNTY FISCAL DIGEST

GENERAL FUND REVENUES & THE ECONOMY

Baltimore County, Maryland

April 6, 2022

BALTIMORE COUNTY, MARYLAND
OFFICE OF THE COUNTY AUDITOR

LAUREN M. SMELKINSON, CPA
COUNTY AUDITOR

ELIZABETH J. IRWIN
DEPUTY COUNTY AUDITOR

400 WASHINGTON AVENUE
TOWSON, MARYLAND 21204
410-887-3193
410-887-4621 (FAX)

May 4, 2022

Honorable Members of the Baltimore County Council:

I hereby submit the Baltimore County Fiscal Digest of General Fund Revenues and The Economy as of April 6, 2022. This report provides updated FY 2022 and FY 2023 General Fund revenue projections, as well as a summary of economic conditions affecting the County.

We project that FY 2022 General Fund revenues will total $2,470.7 million, an increase of approximately $97.7 million, or 4.1%, over FY 2021 revenues, and an over-attainment of $213.3 million from budgeted revenues. The projected growth is primarily due to continued strong income tax collections, sustained strength in property-related transaction (recordation and title transfer) tax revenues, and steady growth in property tax collections. Based on our revenue projections, we project that the County's Unassigned General Fund Balance (Surplus) as of June 30, 2022 will total $434.7 million, not including an additional $225.7 million in the Revenue Stabilization Reserve Account (Rainy Day account).

We project that FY 2023 revenues will total $2,494.5 million, an increase of approximately $23.8 million, or 1.0%, over FY 2022 collections. The modest forecasted increase reflects an expected slowing of property-related transaction tax revenues, as well as conservative assumptions about the County's income tax distributions from the State. Continued growth in property tax revenues, by $28.8 million, or 2.7%, over FY 2022 revenues, accounts for more than total projected General Fund growth. The County is expected to receive a modest increase in State aid to the General Fund, primarily an increase in police aid, along with slight increases in local health aid and highway user revenues. (The majority of State aid to Baltimore County does not flow through the County's General Fund.) Other minor revenue categories are expected to increase modestly.

At its April meeting, the Baltimore County Economic Advisory Committee provided mixed news concerning the present and near-term state of the local economy. Committee members reported that the job market remains below pre-pandemic levels, while hiring has accelerated somewhat and wages have increased. The housing market has remained strong heading into the spring buying season. Although pockets in the commercial real estate market have continued to struggle, many shopping centers are seeing brisk business, and the County's vacancy rate has fallen back below 5%. Overall, members expressed optimism as to the prospects of accelerated growth during the immediate term but conveyed caution heading into calendar year 2023, as the effects of the war in Ukraine, supply chain issues, and inflation continue to act as a drag on further growth.

We will continue to monitor economic activity, revenue collections, and related developments and will provide our next update after the close of FY 2022.

Respectfully submitted,

Lauren M. Smelkinson

Lauren M. Smelkinson, CPA
County Auditor

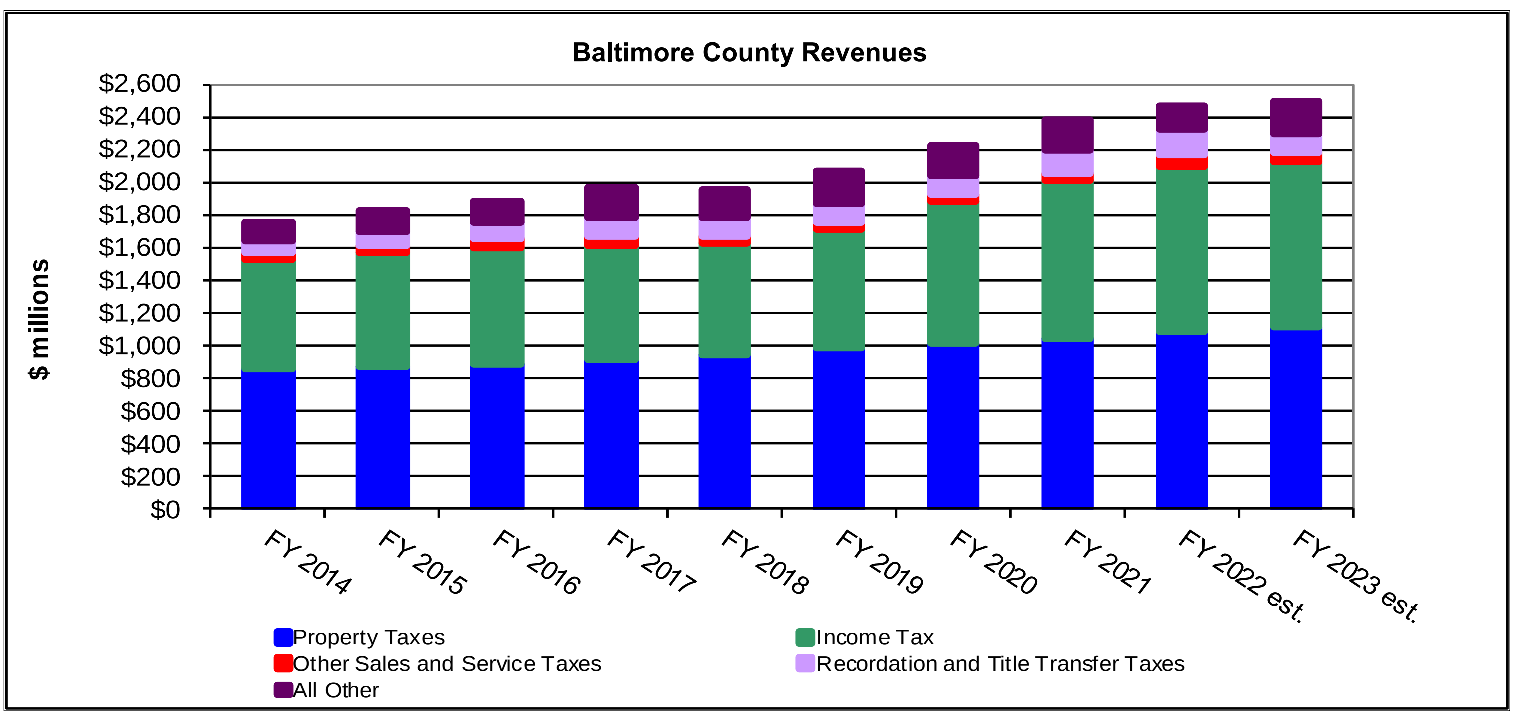
cc: Baltimore County Spending Affordability Committee
Baltimore County Economic Advisory Committee

REVENUE HIGHLIGHTS

Unassigned General Fund Balance (Surplus) as of June 30, 2021 totaled $316.4 million, or 14.6% of FY 2022 budgeted revenues. In addition to the Surplus Balance, the estimated Revenue Stabilization Reserve Account (Rainy Day account) totals $216.2 million as of June 30, 2021. The expected Surplus balance and Rainy Day amounts together total approximately $532.6 million, or 23.6% of FY 2022 budgeted General Fund revenues.

FY 2022 General Fund revenues are projected to total $2,470.7 million, an increase of approximately $97.7 million, or 4.1%, over FY 2021 revenues. This projection is up $213.3 million from FY 2022 budgeted revenues due primarily to better-than-anticipated income tax collections. This revised income tax projection reflects various factors, including ongoing effects of the federal Tax Cuts and Jobs Act of 2017, taxable and untaxable unemployment compensation (depending on household income), inflation-affected wage growth, and unpredictable employment growth (influenced by retired boomers re-entering the workforce), a County income tax rate change implemented in January 2020, and, potentially, delayed beneficial timing elements related to the State's tax treatment of pass-through entities (PTEs). Projected FY 2022 income tax collections now total $1,016.4 million, an increase of $55.7 million, or 5.8%, over FY 2021 collections. Also contributing to the upward revision in the County's FY 2022 revenue forecast is growth in property-related transaction tax collections. In the past two months since publication of the Spending Affordability Committee forecast, reported collections have surged and are now anticipated to maintain FY 2021's substantial volume and total $160.0 million. As reported previously, property tax revenues, forecast to increase by $32.6 million, or 3.1%, also continue to support strong FY 2022 revenue growth, and projected State aid to the County's General Fund, as well as other minor revenue sources, remain largely flat for FY 2022. This revenue growth, along with significant General Fund relief provided by federal stimulus aid over the past couple years in response to the COVID-19 pandemic, has resulted in an anticipated Unassigned General Fund Balance (Surplus) as of June 30, 2022 totaling $434.7 million, not including an additional $225.7 million in the Revenue Stabilization Reserve Account (Rainy Day account).

FY 2023 General Fund revenues are expected to moderate and total $2,494.5 million, a slight increase of approximately $23.8 million, or 1.0%, from the revised FY 2022 forecast. This projection is up $237.1 million from FY 2022 budgeted revenues and $121.4 million from our prior forecast. The slowed growth is mainly attributable to projected declines in property-related transaction taxes. Specifically, property-related transaction taxes are expected to decrease by $48.0 million, or 30.0%, as the red-hot housing market begins to cool along with an expected rise in mortgage interest rates. Additionally, while wages are forecast to grow, structural issues in the labor market (i.e., labor force participation, lack of accelerated job growth) are expected to lead to less robust withholdings growth. Collections from PTE filings are conservatively forecast until the full extent of the changed distribution pattern becomes clearer. Still, FY 2023 income tax collections are projected to total $1,007.9 million, a decrease of $8.5 million, or 0.8%, from FY 2022 collections. Boosting the FY 2023 projected revenue increase are continued strong property tax collections, which are expected to increase by $28.8 million, or 2.7%, due in part to the State's January 2022 reassessment of the County's western region. The County is expected to receive a modest increase in State aid to the County's General Fund, while other minor categories are expected to increase modestly.



REVENUE FORECAST & ECONOMIC OUTLOOK

FY 2022 General Fund revenues are projected to increase, primarily from rising income tax collections, surging property-related transaction tax revenues, continued property tax growth, and a rebound in sales and service taxes.

The County's FY 2023 revenue outlook reflects an expected slowing of property-related transaction tax revenues, as well as conservative assumptions about the County's income tax distributions from the State. In FY 2023, property tax collections are forecast to increase by $28.8 million, or 2.7%, over FY 2022 levels, accounting for more than total projected General Fund growth.

Revenue Source ($ Millions)	Actual FY 2021	FY20-21 Change	Est. FY 2022	FY21-22 Change	Est. FY 2023	FY22-23 Change
Property Taxes	$ 1,048.3	3.5%	$ 1,080.9	3.1%	$ 1,109.7	2.7%
Income Tax	960.7	11.4%	1,016.4	5.8%	1,007.9	-0.8%
Title Transfer Tax	101.2	28.8%	110.0	8.7%	77.0	-30.0%
Recordation Tax	45.1	26.0%	50.0	10.9%	35.0	-30.0%
Intergovernmental	57.3	15.3%	49.8	-13.1%	58.4	17.3%
Sales & Service Taxes	43.9	-13.2%	64.4	46.7%	64.4	0.0%
All Other	116.5	-9.8%	99.2	-14.8%	142.1	43.2%
Total Revenue	$ 2,373.0	6.9%	$ 2,470.7	4.1%	$ 2,494.5	1.0%

The Baltimore County Economic Advisory Committee (BCEAC) expressed mixed news concerning the present and near-term state of the local economy at its April 4, 2022 meeting, noting that while persistent inflation remains a threat to further growth, many sectors of the economy have continued to perform well or are positioned for accelerated growth in the coming months. The national and local economies continue to support substantially fewer jobs than pre-pandemic months, but hiring continues to generate slow and steady gains. In addition, the County's home sales market continues to post strong sales and sales price growth, which has been translating into a second consecutive year of tremendous gains in property-related transaction taxes for the County. At the same time, a low County retail vacancy rate signals business confidence, though hiring remains a challenge. Meanwhile, supply chain shortages and inflation have dampened further growth, curtailing new construction in both the residential and commercial real estate markets and restricting consumer spending as the costs of day-to-day goods become more expensive. Looking forward, the Committee's Chairman noted economic imbalances (e.g., war in Ukraine, supply issues, inflation) could lead to a recession in CY 2023. Committee members' near-term outlook reflects the following factors:

- **The County's unemployment rate continues to fall as the County posts further slow but steady job gains; however, job openings remain elevated as labor force participation has yet to recover from pre-pandemic levels.** The Committee's labor representative noted, however, that these structural issues in the labor market, combined with high inflation, have translated into accelerated wage growth for many workers. The Committee's Chairman reported that leisure and hospitality remains one of the hardest hit sectors in Maryland, but he reported that overall, the Baltimore-Columbia-Towson Metropolitan Statistical Area (MSA) has held up very well compared to other MSAs.

- **The County's housing market remains strong as a continued low available inventory drives accelerated price growth.** The Committee's residential real estate representative reported that a seller's market has persisted through early spring, as buyers have continued to flood the market, with many sellers receiving multiple offers; however, these factors have contributed to difficulties for first-time buyers. She further reported seeing a spring selling season bump, but neither she nor the Committee's Chairman anticipate that the current housing market is reflective of a housing bubble.

- **The Committee's commercial real estate representative reported that many County shopping centers, including malls, are performing well, adding that the retail vacancy rate County-wide is less than five percent.** Despite the demand for space, he reported that commercial real estate development is stagnant, as rising construction costs have put a damper on new construction.

NATIONAL ECONOMIC INDICATORS

In 2021:Q4, the U.S. economy expanded at an annualized rate of 6.9%, continuing a trend of notable growth beginning in the latter half of CY 2020.

GDP is projected to grow by 3.7% in CY 2022, followed by 2.7% growth during CY 2023.

The U.S. economy continues to expand at a robust pace, growing at an annualized rate greater than 6.0% during three quarters of CY 2021. Most recently, U.S. Gross Domestic Product (GDP) increased at an annualized rate of 6.9% in 2021:Q4, following growth of 2.3% during 2021:Q3. Personal consumption expenditures have largely driven the ongoing economic expansion, but have decelerated during the latter half of CY 2022 (see detailed discussion below). The primary contributor to GDP growth in 2021:Q4 was gross private domestic investment, posting an annualized increase of 36.7%, as businesses, primarily motor vehicle dealers, worked to rebuild inventories. This increase was driven by 2.9% growth in nonresidential fixed investment, specifically intellectual property products, which increased by 8.9%, while residential fixed investment increased by 2.2%. Slightly offsetting the GDP expansion in 2021:Q4 was a 2.6% decrease in government consumption expenditures, driven by decreases of 4.3% in federal and 1.6% in state and local government spending. The February 2022 release of the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters* projects annual real GDP to grow by 3.7% for CY 2022, followed by a modest slowdown to 2.7% growth in CY 2023.

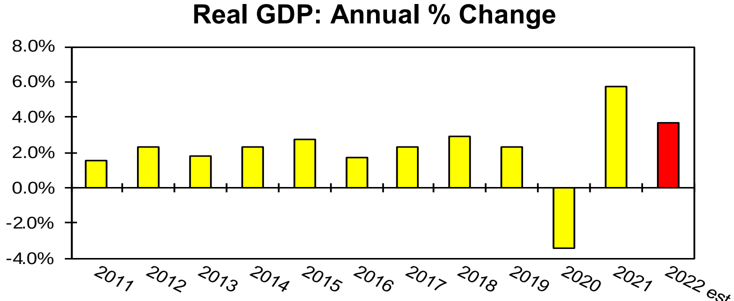
Real consumer spending increased at an annualized rate of 2.5% in 2021:Q4.

Real consumer spending, which accounts for roughly two-thirds of all U.S. economic activity, posted modest growth during 2021:Q4, increasing at an annualized rate of 2.5%, following an increase of 2.0% in 2021:Q3, as the surge of spending during the first half of CY 2021 stemming from pent-up demand brought about by the COVID-19 pandemic has moderated. During 2021:Q4, consumer spending on goods rebounded, increasing by 1.1% following an 8.8% decrease in 2021:Q3; spending on durable goods grew by 2.5%, following an annualized decrease of 24.6% the prior quarter, while spending on nondurable goods grew by 0.4%. Growth in consumer spending on services decelerated, increasing by 3.3% in 2021:Q4, following an increase of 8.2% in 2021:Q3. The *Survey of Professional Forecasters* projects that consumer spending will grow by 3.3% for all of 2022.

Consumer confidence increased in March, following decreases in the two prior months.

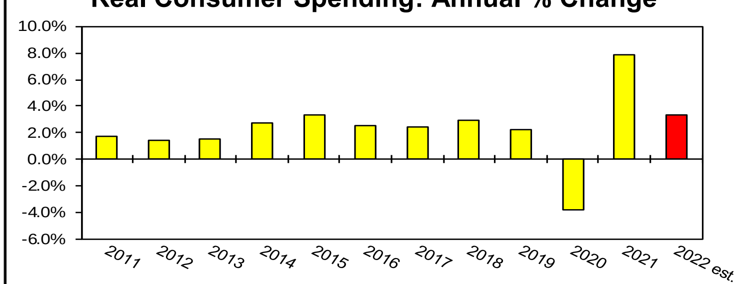
Consumer confidence, based on a survey of 5,000 U.S. households by The Conference Board (a well-known economic research organization), rebounded in March 2022 following decreases in the prior two months. The "Present Situation Index" was responsible for the increase, slightly offset by a modest decrease in the "Expectations Index." The Conference Board noted that "[t]he Present Situation Index rose substantially, suggesting economic growth continued into late Q1. Expectations, on the other hand, weakened further with consumers citing rising prices, especially at the gas pump, and the war in Ukraine as factors. Meanwhile, purchasing intentions for big-ticket items like automobiles have softened somewhat over the past few months as expectations for interest rates have risen." The Board further noted that "[n]evertheless, consumer confidence continues to be supported by strong employment growth and thus has been holding up remarkably well despite geopolitical uncertainties and expectations for inflation over the next 12 months reaching 7.9 percent—an all-time high."

Real GDP: Annual % Change



Estimate Source: *Survey of Professional Forecasters*, February 2022

Real Consumer Spending: Annual % Change



Estimate Source: *Survey of Professional Forecasters*, February 2022

At its March 16, 2022 meeting, the Federal Reserve's Federal Open Market Committee (FOMC) decided to raise the target range for the federal funds rate to 1/4 to 1/2 percent, the first rate increase since December 2018. The FOMC advised that "[i]nflation remains elevated, reflecting supply and demand imbalances related to the pandemic, higher energy prices, and broader price pressures."

Interest rate targets were raised to the 0.25% to 0.50% target range at the March 16, 2022 meeting of the Federal Reserve's Federal Open Market Committee (FOMC), the first rate increase since December 2018. The FOMC stated that "[i]ndicators of economic activity and employment have continued to strengthen. Job gains have been strong in recent months, and the unemployment rate has declined substantially. Inflation remains elevated, reflecting supply and demand imbalances related to the pandemic, higher energy prices, and broader price pressures." Further, the FOMC advised that "[t]he invasion of Ukraine by Russia is causing tremendous human and economic hardship. The implications for the U.S. economy are highly uncertain, but in the near term the invasion and related events are likely to create additional upward pressure on inflation and weigh on economic activity." The FOMC also advised that "[w]ith appropriate firming in the stance of monetary policy, the Committee expects inflation to return to its 2 percent objective and the labor market to remain strong," but added that it "would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals."

INTEREST RATE CHANGE FROM FEBRUARY 2021 TO FEBRUARY 2022

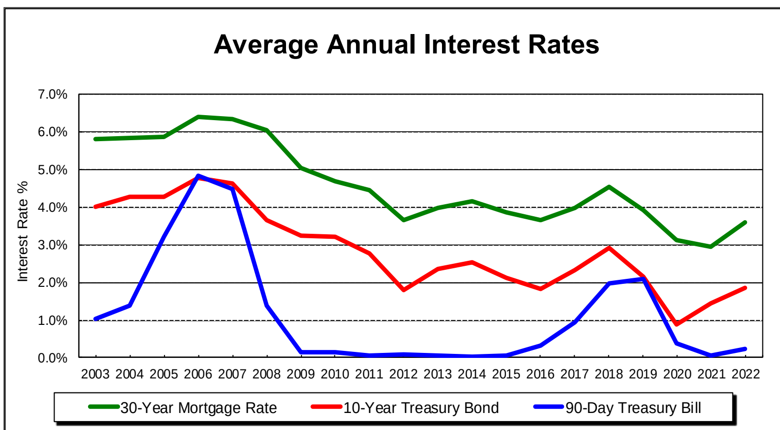
	Basis Points*
90-Day Treasury Bills	27
10-Year Treasury Bonds	67
30-Year Conventional Mortgage	95

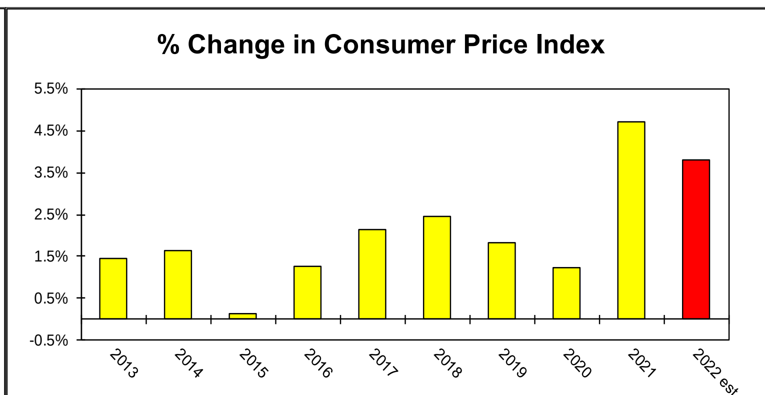
* A basis point is equal to .01 percentage point.

Short-term interest target rates are likely to increase by a quarter to a half point at the FOMC's next meeting in May. It is anticipated that the FOMC could increase the target range at each of its remaining six meetings of CY 2022 as it works to reign in the pace of inflation.

From February 2021 to February 2022, consumer inflation increased by 7.9%, following annual growth of 7.5% in January 2022, and is forecast at 3.6% for CY 2022.

Inflation, as measured by the Consumer Price Index-All Urban Consumers (CPI-U), has continued to run at a substantially high rate, as challenges in the global supply chain and war in Ukraine, along with economic sanctions by Western governments, have led to surges in the year-over-year prices of goods and services. Most recently, inflation posted an annualized increase of 7.9% in February 2022, the fastest annual pace of growth since January 1982. The year-over-year price growth was driven primarily by gasoline, which increased by 38.0%, and energy, which increased by 25.6%. Core inflation (which excludes food and energy inflation) increased by 6.4% from February 2021 to February 2022. Growth in the CPI-U is expected to average 3.6% in CY 2022 according to the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters*, February 2022. The *Survey* projects that annual inflation will average 2.5% over the 2021 to 2030 period, compared to an average actual increase of 1.9% over the 2012 to 2021 period.





Estimate Source: *Survey of Professional Forecasters*, February 2022

LOCAL ECONOMIC PERSPECTIVE

EMPLOYMENT

Continuing an accelerating rebound following an extended period of employment losses, County year-over-year employment grew 4.7% in February 2022.

Employment, as measured by place of residence, has accelerated for the County during the first two months of CY 2022, and has posted 8 straight months of year-over-year growth, but remains below pre-pandemic levels. Most recently, over the February 2021 to February 2022 period, Baltimore County residential employment increased by 19,128 persons, or 4.7%. In addition, employment recovered by 1,342 individuals from January 2022 to February 2022. Maryland residential employment experienced a similar pattern, increasing by 94,450 persons, or 3.2%, from February 2021 to February 2022, and recovered 12,045 individuals from January 2022 to February 2022. However, County and State employment remains 17,779 and 203,228 persons, or 4.0% and 6.3%, respectively, below February 2020 employment.

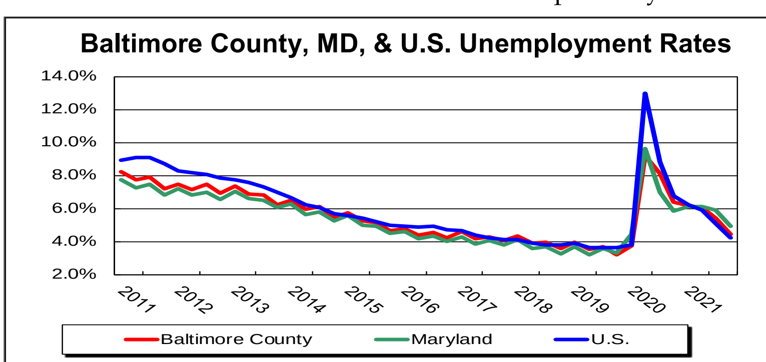
The County's February 2022 unemployment rate was 4.3%, down from 6.1% a year earlier, but down from its recent peak of 9.6% in May 2020.

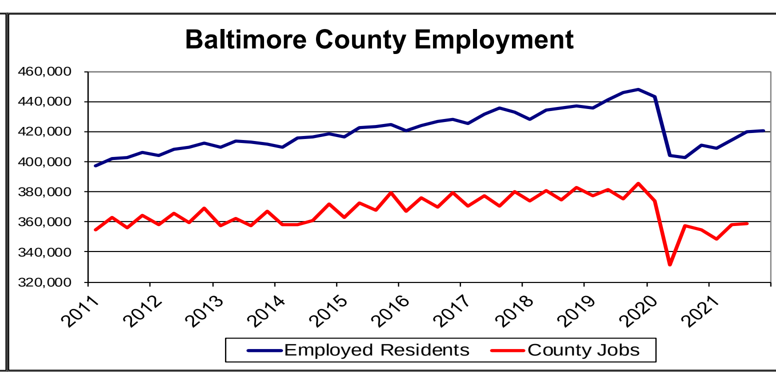
Employment growth that outpaces growth in the labor force drives down the **unemployment rate**. The County's unemployment rate has continued to fall after peaking at 9.6% in May 2020. The unemployment rate among County residents was 4.3% in February 2022, slightly below the State rate of 4.4%, and down significantly from 6.1% a year earlier. However, the falling unemployment rate is not entirely reflective of the current health of the County's employment market, as the labor force continues to remain well below its pre-pandemic level. At the same time, the pace of labor force growth has accelerated recently. In February 2022, the County's labor force increased modestly from a year prior (by 11,904 workers) but remains 14,706 workers, or 3.2%, lower than its peak in February 2020. As of February 2022, 11 of the 23 other local jurisdictions in Maryland had a lower unemployment rate than Baltimore County (and 1 jurisdiction was tied with Baltimore County). Nationally, the seasonally adjusted unemployment rate was 3.6% in March 2022, dropping from its recent peak of 14.7% in April 2020, but up slightly from the February 2020 pre-pandemic rate of 3.5%.

The number of County jobs increased by 0.4% from the 2020:Q3 to 2021:Q3 period.

Sage Policy Group has predicted job growth of 3.4% in Baltimore County during CY 2022.

Jobs data, as measured by place of work, greatly lag resident employment data and do not provide timely information on the County's current economic pace. The most recent jobs data show that from 2020:Q3 to 2021:Q3, the number of jobs in the County and Maryland increased by 0.4% and 14.6%, respectively, as Baltimore County and Maryland employers added an estimated 1,252 and 368,472 positions, respectively. County job gains in 2021:Q3 were driven by the government sector, which saw an increase of 1,311 jobs from 2020:Q3, primarily in the local government sector. Nationally, nonfarm payrolls increased by approximately 6.7 million jobs, or 4.6%, from 2021:Q1 to 2022:Q1. In its January 2022 report, Sage Policy Group, Inc. (the Spending Affordability Committee's economic consultant) has predicted job growth of 3.4% and 2.6% in the County and Maryland, respectively, in CY 2022 compared to anticipated national job growth of 2.8%. The County and State forecasts exceed anticipated population growth of 0.7% and 0.9%, respectively.





PERSONAL INCOME

The Spending Affordability Committee's economic consultant recently forecasted that County personal income will increase by 1.90% in FY 2022, followed by an acceleration to 4.30% in FY 2023.

Sage Policy Group, Inc. (Sage), the Spending Affordability Committee's economic consultant, forecasts in its January 2022 report that Baltimore County's personal income (PI) will increase by 1.90% in FY 2022, down from predicted growth of 2.03% in its October 2021 report. The January 2022 forecast follows an estimated increase of 7.13% in FY 2021 (up slightly from predicted 7.03% growth in the October 2021 forecast) and 5.45% in FY 2020. Notably, FY 2021 PI estimates are boosted by substantial amounts of federal stimulus during CY 2021:Q1. Looking forward, Sage predicts that the County's PI growth will accelerate to 4.30% in FY 2023. Sage's Maryland outlook is for similar growth (1.76% in FY 2022 and 4.25% in FY 2023). For FY 2024, Sage predicts PI growth of 4.07% in Baltimore County and 4.14% in Maryland.

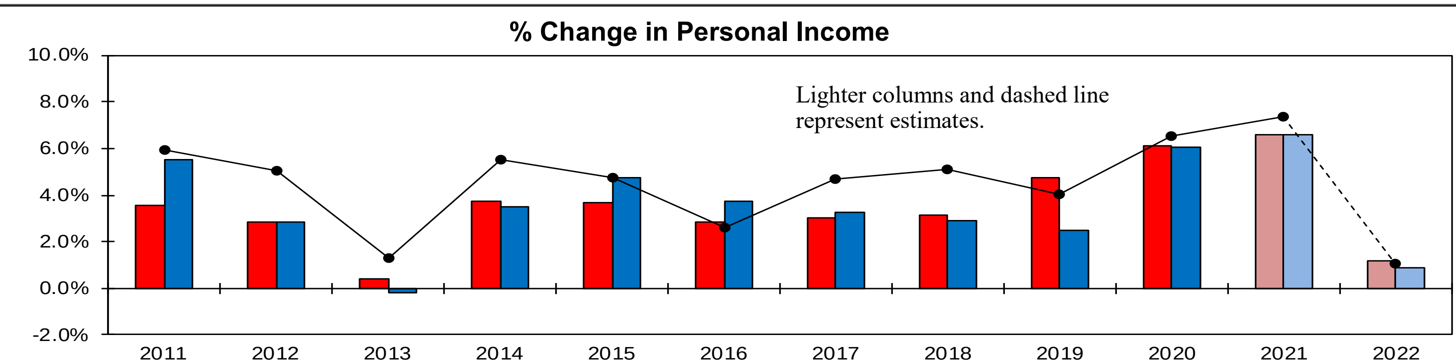
Over the last decade, personal income growth in the County has lagged growth at both the State and national levels.

Over the 2011 to 2020 10-year period, national PI advanced 47.1%, exceeding both Maryland and Baltimore County PI growth of 33.3% and 34.9%, respectively. National and County PI growth accelerated from 39.7% during the 2001-2010 decade, whereas regional PI growth has slowed in Maryland and edged marginally higher in the County after posting increases of 44.4% in Maryland and 33.4% in the County over the same period. The most recent quarterly reading for Maryland shows that seasonally adjusted PI increased by 0.8% from 2021:Q3 to 2021:Q4, slightly above the national PI increase of 0.6% over the same period. (County data are reported annually.) Nationally, in 2021:Q4, wages and salaries comprised 51.4% of PI, above its share in 2020:Q4 of 50.1%, while unemployment benefits fell to 0.2% of PI from 1.5% over the same period, reflecting both gains in the job market and the end of federally-enhanced unemployment benefits programs. "Other" government social benefits, which include economic impact payments, comprised 4.3% of PI in 2021:Q4, down from 11.8% and 9.0% in 2021:Q1 and 2020:Q2, respectively, reflecting the enormous impact direct federal stimulus to households had on national PI in those quarters. Nationally, wage rates continue to rise modestly, with private average hourly wages most recently increasing to $31.58, or 5.1%, in February 2022 from a year earlier. During 2021:Q3, Baltimore County's average weekly wages totaled $1,147, up 2.9% from 2020:Q3, but remained below both the national and State averages of $1,253 and $1,269, respectively. The Federal Reserve reported that nominal total household wealth increased by 3.7% from 2021:Q3 to 2021:Q4.

The nation's nominal household wealth increased by 3.7% from 2021:Q3 to 2021:Q4, following a 6.5% increase during the previous quarter.

For FY 2023, the County's Spending Affordability Committee, which convened in January 2022, recommended a maximum base spending growth rate of 4.70% based on a 4-year average of Sage's January 2022 estimates/forecasts of annual County PI growth for FY 2020 to FY 2023. Based on Sage's January 2022 forecasts of annual County PI growth for FY 2024 and FY 2025, and the estimated growth in prior years, the projected maximum spending growth recommendation is 4.35% for FY 2024 and 3.53% for FY 2025.

For FY 2023, the Spending Affordability Committee recommended a maximum spending growth rate of 4.70% for recurring "base" expenditures.



Estimate Source: *Sage Policy Group, January 2022*

EXISTING HOME SALES

In CY 2021, the number of existing home sales totaled 12,411 units, an increase of 6.0% from a year earlier.

Existing home sales in Baltimore County totaled 12,411 units in CY 2021, 6.0% above CY 2020 sales. The housing market has surged through nearly the entirety of the pandemic. Prospective buyers looking to take advantage of historically low interest rates, combined with a rapidly shrinking inventory of available homes, led to increased home sales and put tremendous pressure on home sales values. While home sales have begun to slow on a year-over-year basis, home sales values continue to surge. Most recently, in February 2022, 680 homes were sold in the County, a decrease of 95 units, or 12.3%, from February 2021, while the median price of an existing home sold increased 8.1% to $297,375. Additionally, the more volatile average sales price rose 9.6%, to $357,723, over the same period. The active inventory in Baltimore County in February 2022 fell by 366, or 42.4%, from February 2021. The BCEAC residential real estate representative reported that signs are pointing toward a spring selling season bump. She further added that despite the ongoing rapid acceleration in sales prices, she does not believe the current market is indicative of a housing bubble.

The median price of existing homes sold in Baltimore County in February 2022 was $297,375, an increase of 8.1% over February 2021.

The number of pending home sales in February 2022 totaled 878 units, an increase of 6.3% over a year earlier.

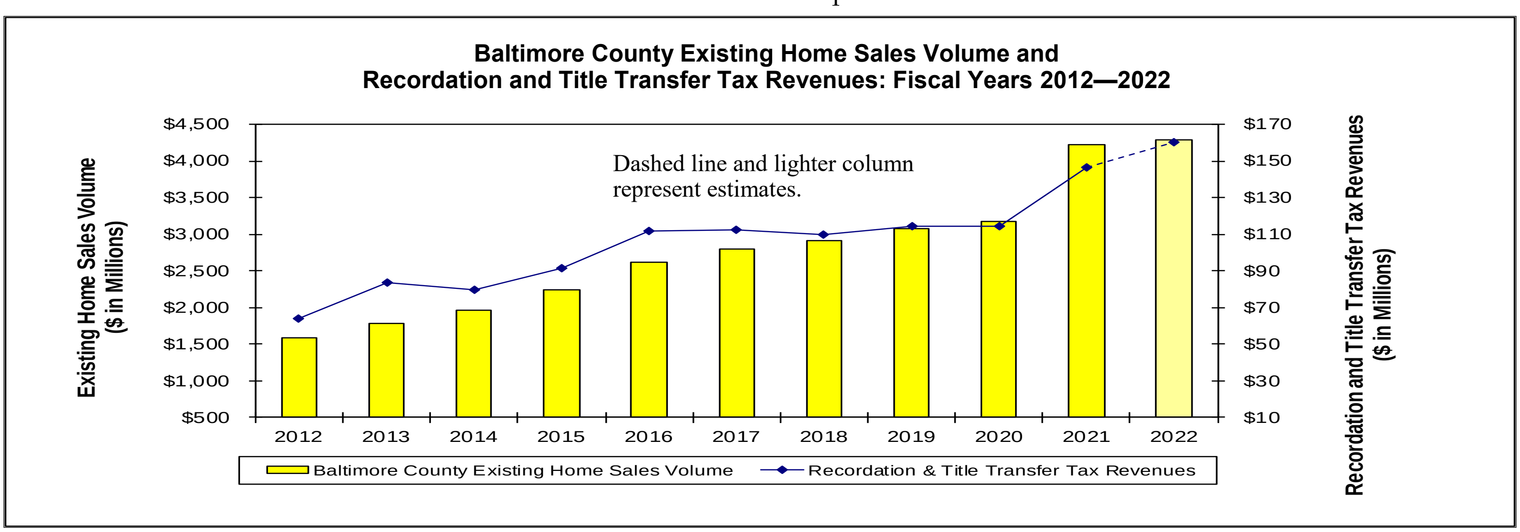
Pending existing home sales in February 2022 totaled 878 units, an increase of 52, or 6.3%, over February 2021, following a 10.3% year-over-year decrease in January 2022. The County's months of inventory (i.e., the time needed to sell the entire inventory of homes at the current sales pace) was 0.5 in February 2022, down from 0.9 in February 2021. This data point suggests that continued inflation on home sales values should be expected over the near term.

Reflecting both higher median sales prices and mortgage interest rates, the monthly mortgage payment for a median-priced County home increased 21.9% in February 2022 compared to February 2021.

Mortgage interest rates for a 30-year conventional mortgage were 3.76% in February 2022, up 95 basis points from February 2021 when rates were 2.81%. The monthly payment for a median-priced Baltimore County home ($297,375) financed with a 30-year conventional mortgage loan was $1,379 in February 2022, a 21.9% increase over the February 2021 level of $1,131 (principal and interest only), reflecting increases in both median sales prices and mortgage interest rates. After sustaining record to near-record lows for a prolonged period, mortgage rates are likely to continue to rise through the remainder of the year as the Federal Reserve plans to increase the federal funds rate and as inflation remains elevated.

Property-related transaction tax revenues totaled $146.3 million in FY 2021, a 27.9% increase over FY 2020.

Property-related transaction tax revenues (recordation and title transfer tax revenues) totaled $146.3 million in FY 2021, an increase of 27.9% over FY 2020 collections of $114.4 million. These revenues are expected to show only slight growth during FY 2022, as continued increases in home sales prices offset a recent modest dip in home sales.



The total value of construction permits issued in 2021:Q3 was $368.4 million, 31.1% above the 7-year average of 3rd quarter activity.

CONSTRUCTION

The construction industry, among the most volatile components of the County's economy, has performed well during CY 2021, following a slowdown during CY 2020 with the onset of the COVID-19 pandemic. The value of construction permits issued in 2021:Q3 totaled $368.4 million, an increase of $172.8 million, or 88.3%, over 2020:Q3, and is 31.1% above the 7-year average of 3rd quarter activity. Details of 2021:Q3 permit valuation/issuance by permit type are as follows:

In 2021:Q3, the total value of non-residential building permits increased by 235.1% over 2020:Q3.

New non-residential construction permits were valued at $27.1 million, an increase of $19.0 million, or 235.1%, over 2020:Q3, but 34.3% below the 7-year average of 3rd quarter activity. Seven new non-residential construction permits valued above $1.0 million were issued in the County in 2021:Q3, including permits for a new fire station in Fowblesburg ($7.6 million), a one-story storage facility in Perry Hall/White Marsh ($4.0 million) a shell building in Edgemere ($3.0 million), a two-story church in Overlea ($2.7 million), a two-story lodging building in Fowblesburg ($2.0 million), a bank with drive-thru in Cockeysville/Timonium ($1.5 million), and a one-story storage building in Parkville ($1.3 million).

In 2021:Q3, the total number of residential building permits increased by 34.1%, while the dollar value decreased by 6.4% compared to a year earlier.

New residential building permits issued totaled 330, an increase of 84, or 34.1%, over 2020:Q3. These permits included 240 single-family and 90 multi-family unit permits, increases of 30 and 54, respectively, over 2020:Q3. The value of new residential building permits issued totaled $76.5 million, a decrease of $5.2 million, or 6.4%, from 2020:Q3 values, following a 58.9% year-over-year increase in 2020:Q2. The value of new residential building permits was 7.2% above the 7-year average of 3rd quarter activity.

The value of additions, alterations, and repairs activity in 2021:Q3 increased by 150.3% from a year earlier to $159.0 million.

Additions, alterations, and repairs (AAR) permit values totaled $264.9 million, an increase of $159.0 million, or 150.3%, over 2020:Q3, and were 57.3% above the 7-year average of 3rd quarter activity. From 2020:Q3 to 2021:Q3, the value of residential AAR permits increased by 101.2%, and the value of non-residential AAR permits increased by 162.8%.

Construction employment, which represented 6.6% of County jobs in 2021:Q3, decreased by 6.5% from 2020:Q3.

Construction employment decreased on a year-over-year basis by 1,649 jobs, or 6.5%, and represented 6.6% of County jobs during 2021:Q3. Over the same period, average weekly wages in the construction sector were $1,347, an increase of $127, or 10.4%, and were 14.8% above the County average wage in 2021:Q3.