



Overview

The purpose of this report is to provide an overview of different economic indicators that may impact Henrico County's ability to provide its services. This report compiles National, State, and Local data that measure current economic conditions from National Financial Markets to Local Car Registration. Most data will provide complete information for at least the previous fiscal year (FY23) and compare it to the current year (FY24). Data for FY24 is updated monthly as it becomes available. Some data is collected more frequently. Forward-looking statements should not be relied upon for investment decisions.

OMB Summary

The month of May yielded largely positive economic results. The S&P 500 continued to recover from the decline witnessed in March to reach record highs within the dataset. The index had previously been experiencing steady growth since November 2023. Consumer confidence decreased slightly but it is still in alignment with the range seen over the past couple of years. Henrico County's unemployment rate dropped from 2.5% in March to 2.3% in April, the lowest recorded rate since November 2021. This rate sits 1.7% below the national average of 4.0% and 0.4% below the 2.7% state rate. The median sale price of homes in the County decreased by an additional \$28,000, down to \$387,000. This metric is expected to continue to fluctuate throughout 2024 as statewide inventory shrinks and swells hindering consistent sales. National thirty-year fixed mortgage rates declined, falling 0.2% to 6.9% as well as the average number of days for homes on the market in Henrico County, dropping from 23 to 18. Year-to-date tax collections remained strong across all bases. New residential construction skyrocketed in May attaining the highest number on record while new car registrations came in lower than those of May FY23, possibly indicating consumer's sensitivity to rising interest rates. High passenger activity at Richmond International Airport continues to support Henrico's robust and functioning economy.

Metrics Considered

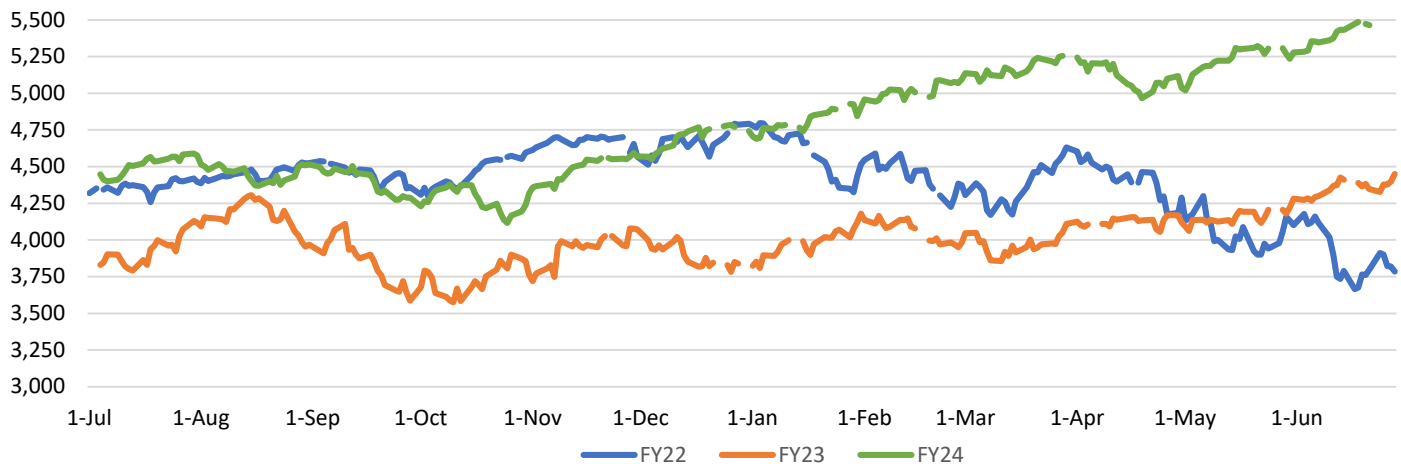
- **National:** S&P 500, Consumer Confidence Index, Real GDP, Wages, Consumer Price Index, Average Hourly Wage Changes against Changes in the Consumer Price Index, 30-Year Fixed Mortgage Rate
- **Virginia:** Unemployment Rate
- **Henrico:** Local Sales & Use Tax, Meals Tax, Real Property Tax, Personal Property Tax, Vehicle Registrations, Occupancy Tax, New Residential Construction, Average Days on the Housing Market & Median Sales Price, Residential Transactions & Foreclosures
- **Area:** Richmond Aviation Activity



National Metrics

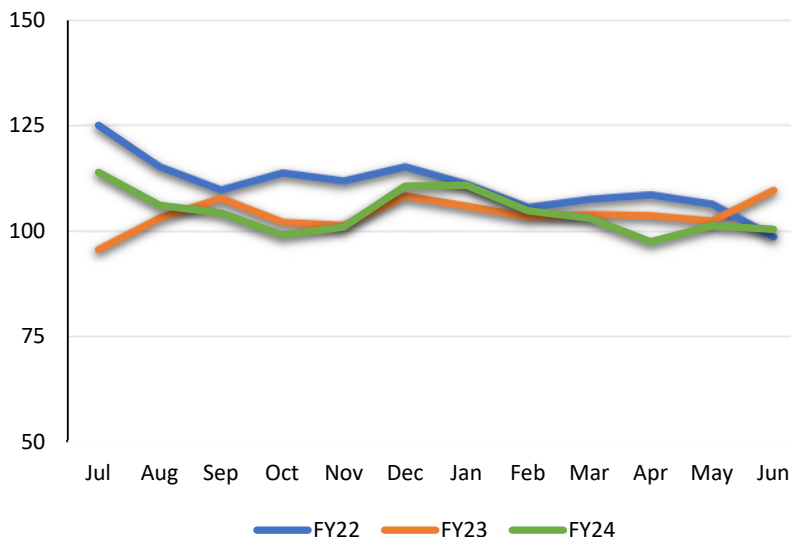
These indicators provide a mix of hard financial data as well as consumer consensus surveys to provide a macroeconomic and microeconomic view of the United States.

S&P 500



The **S&P 500** is a stock market index measuring the performance of 500 large U.S. companies on stock exchanges and is considered one of the best representations of the U.S. stock market. **During the month of June, the index continued its steady climb, reaching an all-time high in the observed dataset ¹.**

Consumer Confidence Index



The **Consumer Confidence Index** is a monthly survey given to 5,000 randomly selected households gathering opinions on present situations and future expectations. It is benchmarked to 1985 (100) and best compared by reviewing month over month changes. **In June, the index dropped from a revised 101.3 to 100.4, backpedaling May's uptick but remaining within the range that it's held for the past two years. Consumers cited short-term business conditions and short-term income prospects as primary sources of concern².**

¹ Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/SP500>

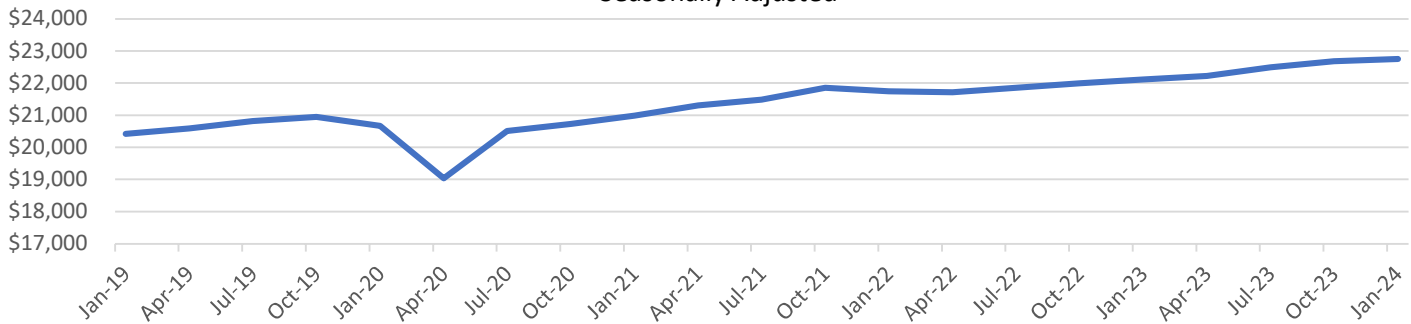
² The Conference Board; [US Consumer Confidence \(conference-board.org\)](https://www.conference-board.org/consumer-confidence)



National Metrics

Real GDP (\$ Billions)

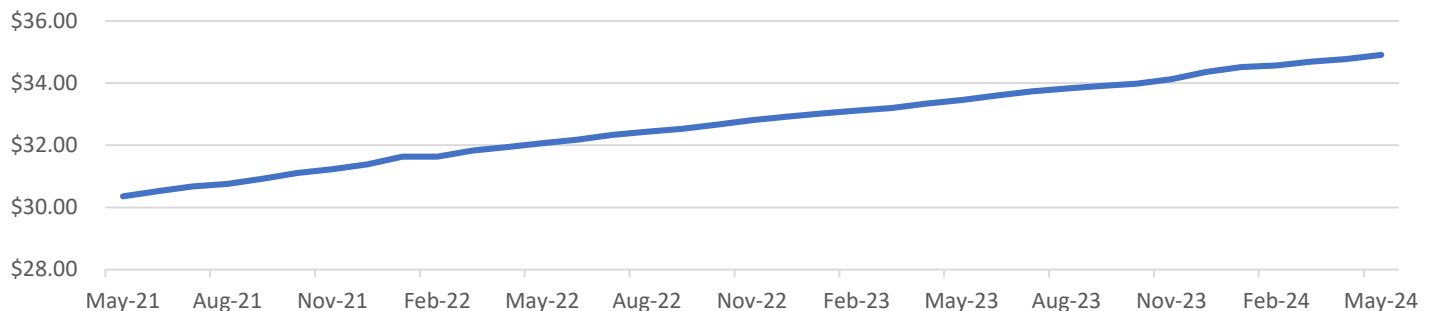
Seasonally Adjusted



The **Real Gross Domestic Product** is an inflation adjusted standard measure of all goods and services produced by labor and property located in the United States in a stated period. Gross domestic product can be calculated on a nominal or real (adjusted for inflation) basis. Since rising prices influence GDP, removing inflation related price changes isolates changes in production quantity. **In Q1 2024, real GDP increased by 0.3%³ over Q4 2023, continuing the upward trend experienced since Q3 2022.**

Wages (Private Employees)

Seasonally Adjusted



The **Average Hourly Earnings of All Private Employees** measures average hourly earnings employers pay that include overtime and shift differentials but excludes benefits, bonuses, retroactive pay, or employer payroll taxes. While earnings data changes capture wage rate adjustments, they can also include changes in the mix of employment. **In May, the average hourly wage increased to \$34.91. This rise of \$0.14 from April represents a 0.4% increase⁴.** The last time wages decreased from the prior month was in June 2020 reflecting impacts of the pandemic.

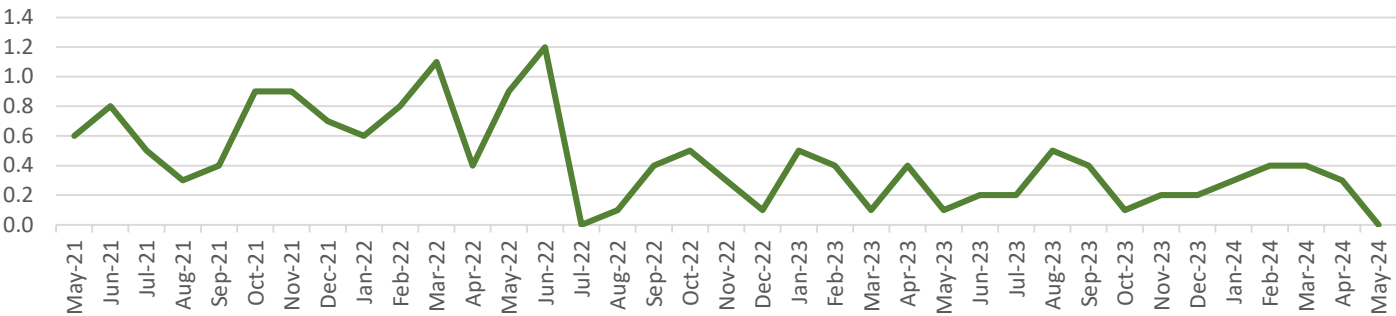
³ Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/GDP>; GDP data is published quarterly.

⁴ Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/CES0500000003>



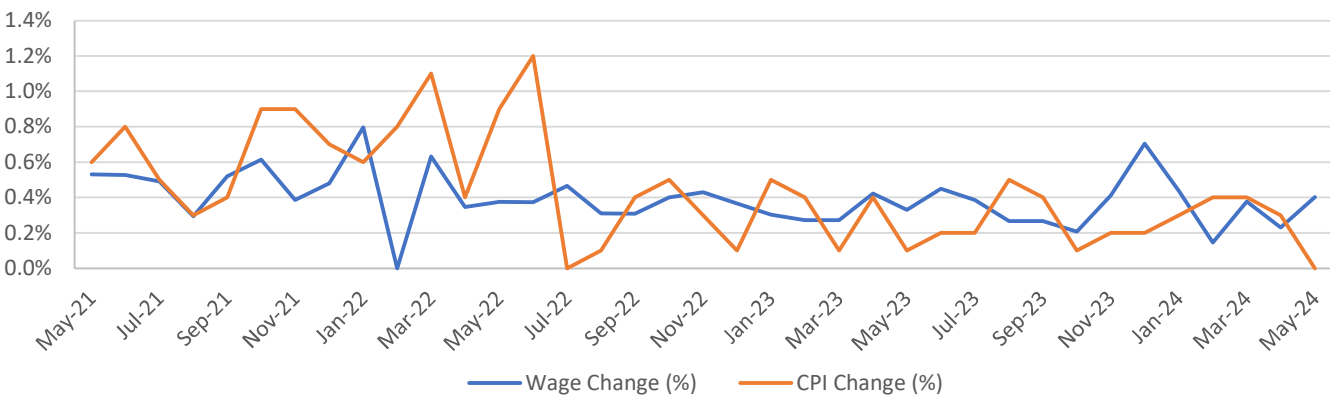
National Metrics

Consumer Price Index



The **Consumer Price Index** (CPI) is a weighted average of the prices of an identified basket of consumer goods and services used to help monitor inflation. The index measures the average change in price that consumers pay over time. The data is presented as a 1-month percent change, which means that anything shown greater than zero is indicative of inflation (prices increasing) while anything below zero is indicative of deflation (prices decreasing). **During the month of May 2024, the consumer price index showed no growth⁵.** The current 12-month CPI growth is 3.3% (unadjusted) as reported by the Bureau of Labor Statistics. This is 1.8% less than the trailing 12-month average of 5.1%, indicating continued inflation less than that of last year.

Average Hourly Wage Changes against Changes in CPI



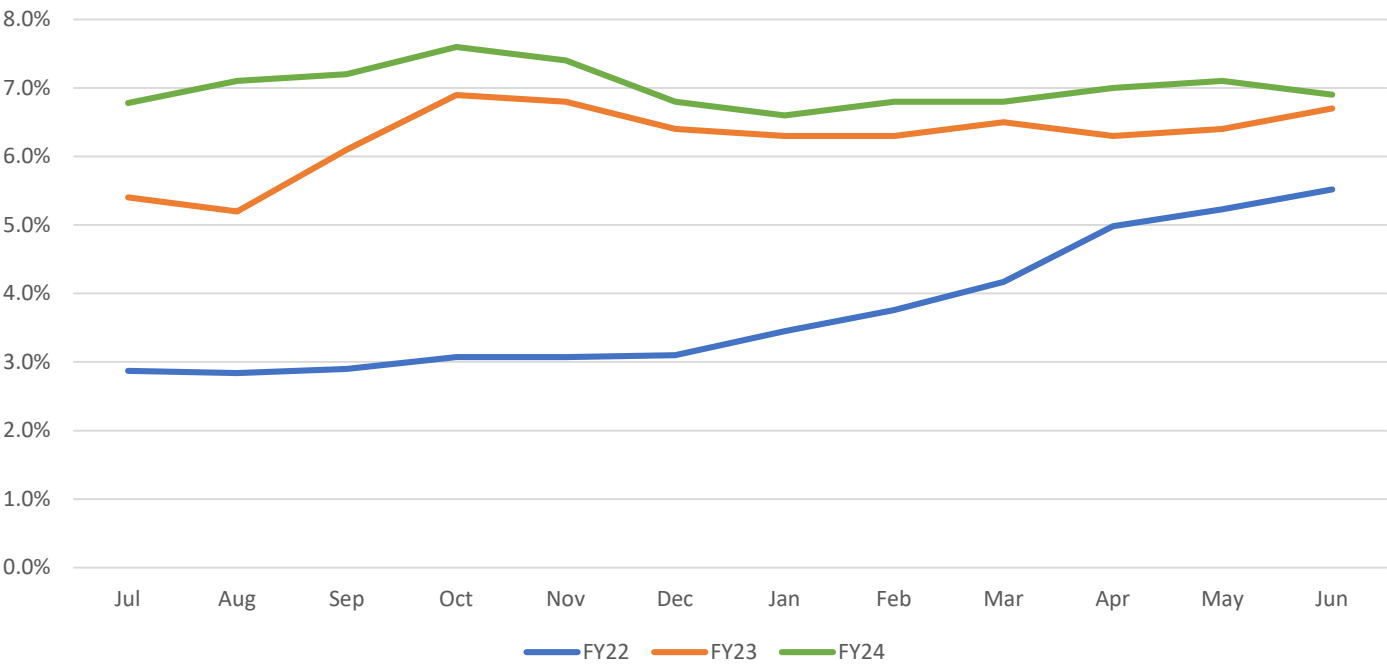
Average Hourly Wage Changes against Changes in the Consumer Price Index analyzes the relationship between national wages and consumer pricing, and more loosely, its affiliate inflation. It should be noted that this graph encompasses month over month changes, with both metrics demonstrating continuous upward growth over the past 2 years of recorded data. **May’s monthly wage growth of 0.4% while the CPI remained stagnant was a positive outcome for consumer buying power.**

⁵ U.S. Bureau of Labor Statistics; [Bureau of Labor Statistics Data \(bls.gov\)](https://www.bls.gov)



National Metrics

30-Year Fixed Mortgage Rates



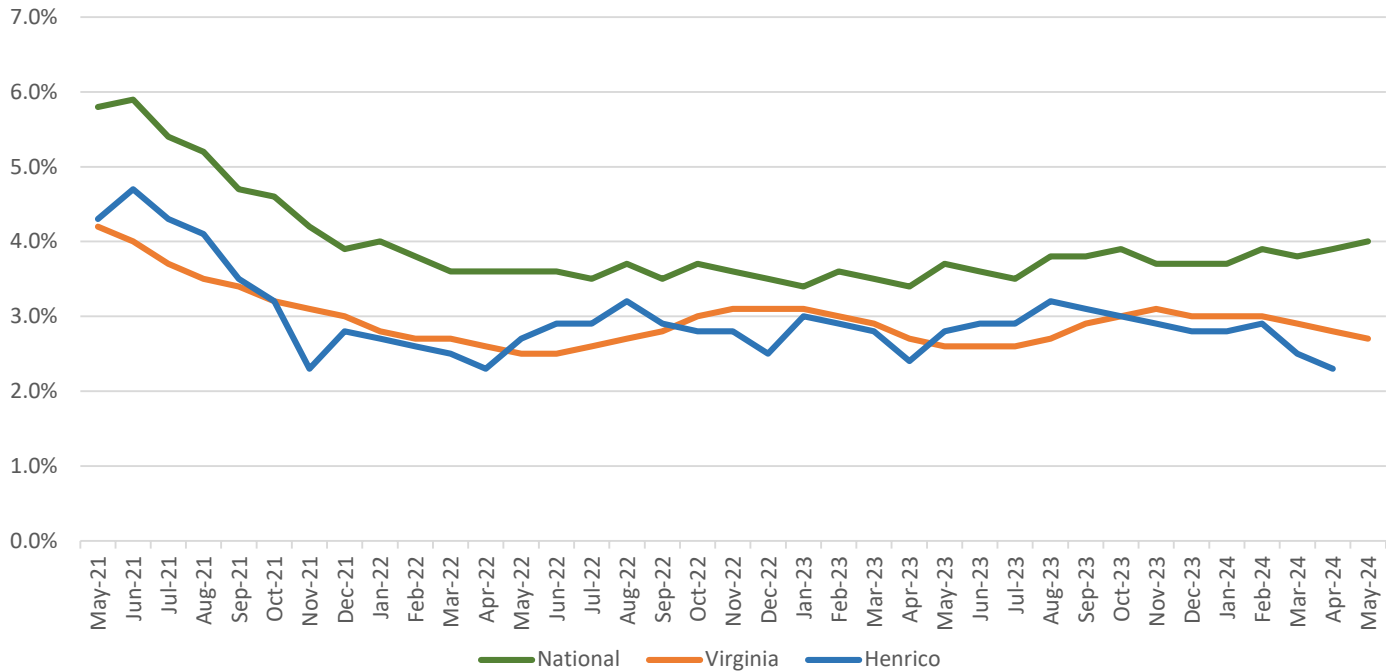
The **30-Year Fixed Mortgage Rate** is the most common financing mechanism used by residential home buyers. The interest rate represents the amount a qualified borrower will be charged by a lender over the loan term. **In June, the 30-year fixed mortgage interest rate decreased slightly from 7.1% to 6.9%⁶.**

⁶ Freddie Mac; [30-Year Fixed-Rate Mortgages Since 1971 - Freddie Mac](#)



Combined Metrics

Unemployment Rates



The **Unemployment Rate** shows the number of unemployed people as a percentage of the workforce. Known as the U-3 unemployment rate, an individual must be actively seeking work or laid off to be included. State unemployment data lags roughly six weeks while local unemployment data lags 9 weeks. **In the month of May, the unemployment rate increased from 3.9% to 4.0% at the national level and decreased from 2.8% to 2.7% at the state level. In April, Henrico County's unemployment rate decreased from 2.5% to 2.3%⁷.** Historically, Henrico unemployment rates have trended closely with the National and State levels.

⁷ US Bureau of Labor Statistics; <https://data.bls.gov/lausmap/showMap.jsp>



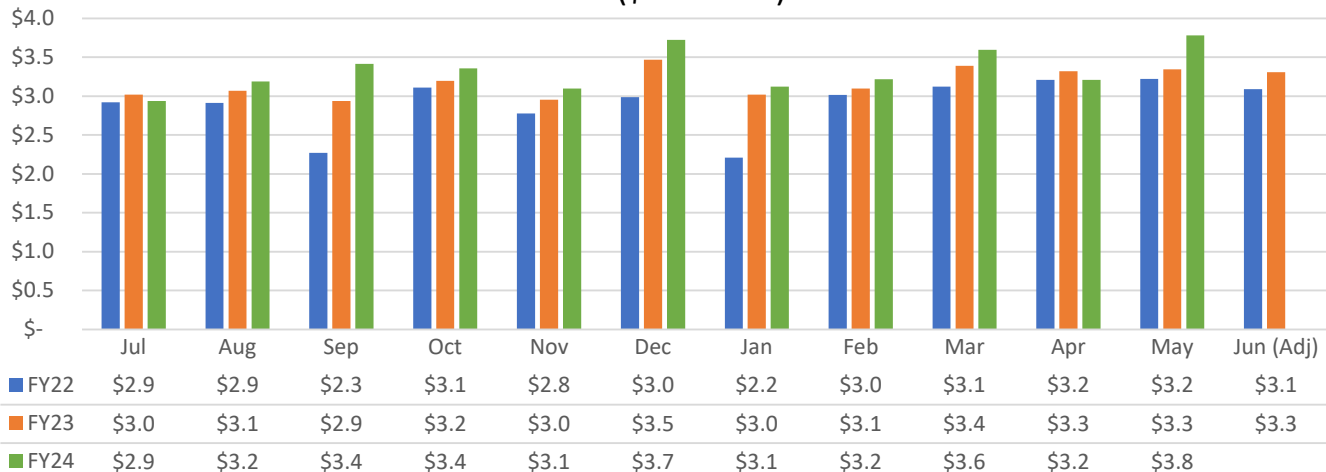
Henrico Metrics

Local Sales & Use Tax (\$ Millions)



Henrico County **Sales & Use Tax** amounts to 6% on each purchase collected by the Commonwealth. By law, 1% is then remitted back to the County from the State. **May FY24 recorded collections of \$7.5 million, trending closely with FY23 collections.**

Meals Tax (\$ Millions)

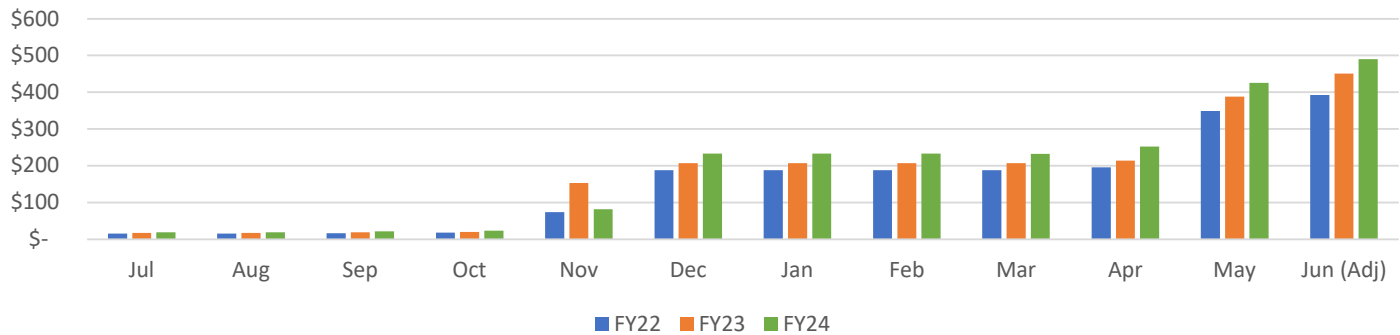


Henrico's **Meals Tax** establishes a 4% tax on prepared food and beverages. Revenue generated by the Meals Tax is dedicated to the operational and capital project needs of Henrico's Public Schools. Collections are backdated two months and compared as year-over-year monthly collections. **May FY24 collections of \$3.8 million represent an increase of 13.4% over May FY23 collections.** FY23 collections of \$38.1 million far exceeded pandemic and pre-pandemic levels reflecting an overwhelming resurgence in dining out and FY24 is shaping up to do the same.



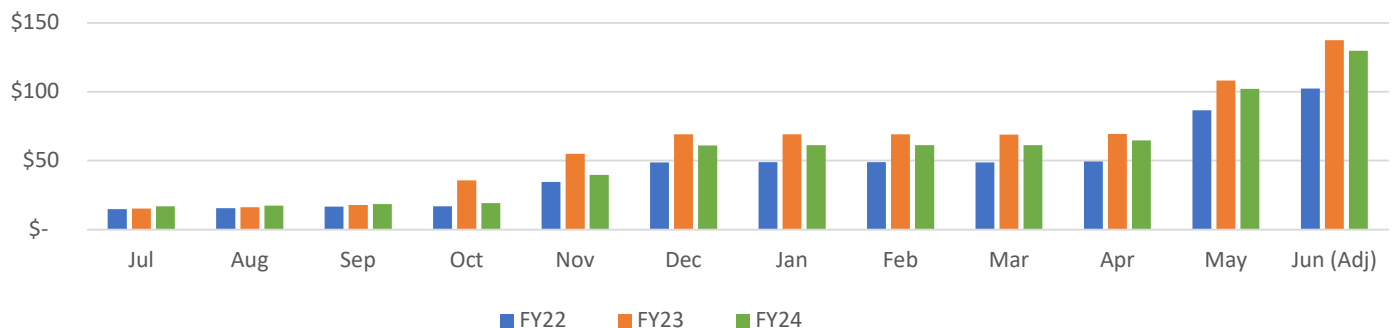
Henrico Metrics

Real Property Taxes (\$ Millions)



Real Property Taxes are collected on property used for residential and nonresidential purposes. The Code of Virginia provides for assessment of real property at 100% of fair market value, which is the probable amount a property would sell for today if exposed to the market for a reasonable period. Collections are due twice a year in December and June. At the time of publication, **Real Property Tax Collections for June FY24 year-to-date recorded \$490 million.**

Personal Property Taxes (\$ Millions)

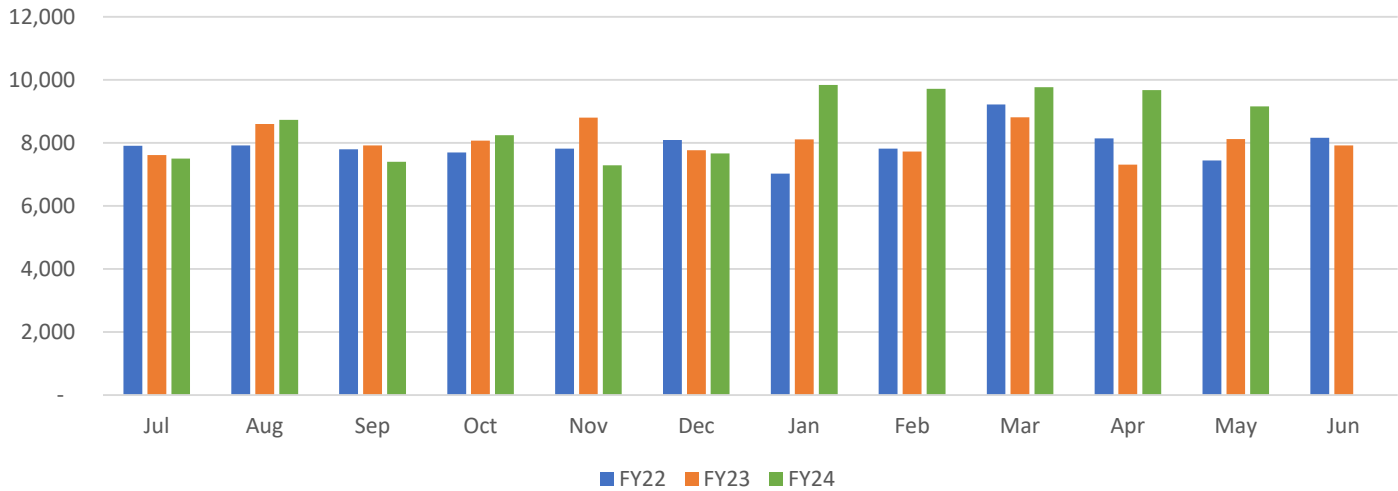


Personal Property Taxes are collected on all vehicles including cars, trucks, trailers, motorcycles, motor homes, aircraft, and watercraft. Personal property is collected in the locality where it is normally garaged, docked, or parked. Henrico County uses the J.D. Power Official Used Car Guide as of January 1st of each year to establish valuations. Collections are due twice a year in December and June. **Personal Property Tax Collections for June FY24 year-to date totaled \$130 million.** Throughout FY23, Personal Property Tax Collections reflected significant increases in used vehicle assessments. These increases were the result of price hikes in the used vehicle market due to supply chain shortages for new vehicles. However, since Q1 FY24 used vehicle prices have started to come down as new vehicle supply has become more available.

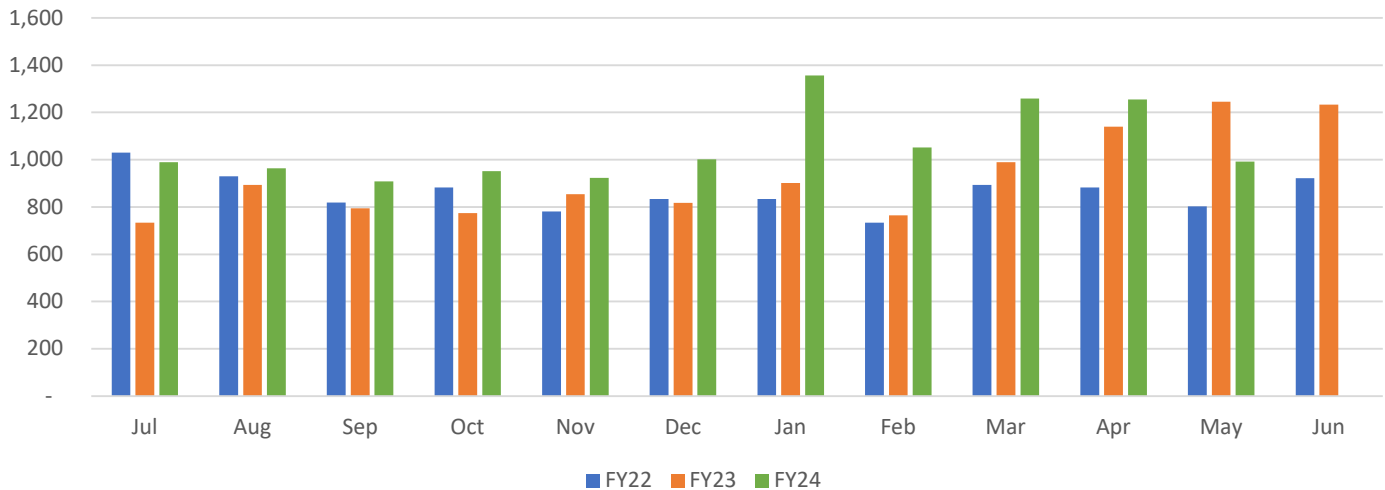


Henrico Metrics

Used Car Registration



New Car Registration



Vehicle Registration data is acquired from the Virginia Department of Transportation and is comprised of both new and used vehicles; the metric strongly correlates to vehicle sales. **Used Car Registrations in May recorded 9,151, a count 1,027 higher than that of May FY23. New Car Registrations in May recorded 992, a count 253 less than May FY23. New Car Registrations have consistently exceeded FY23 values, however May's trend reversal may signal consumers sensitivity to rising interest rates.**



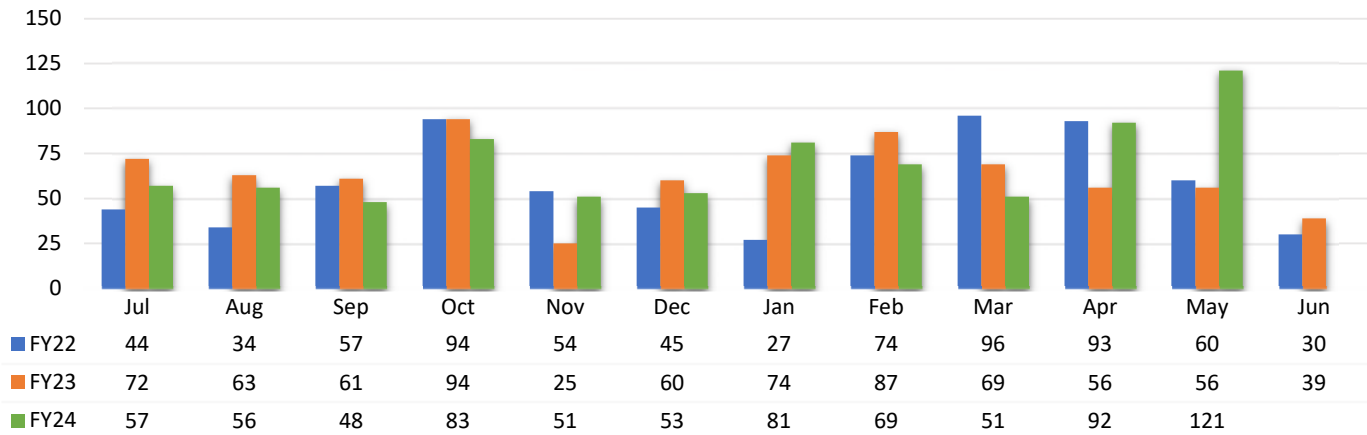
Henrico Metrics

Occupancy Tax
(\$ Millions)



Henrico’s **Occupancy Tax** is collected on lodging for overnight stays. **Occupancy Tax collections in May FY24 lagged those of May FY23 by \$0.17 million.**

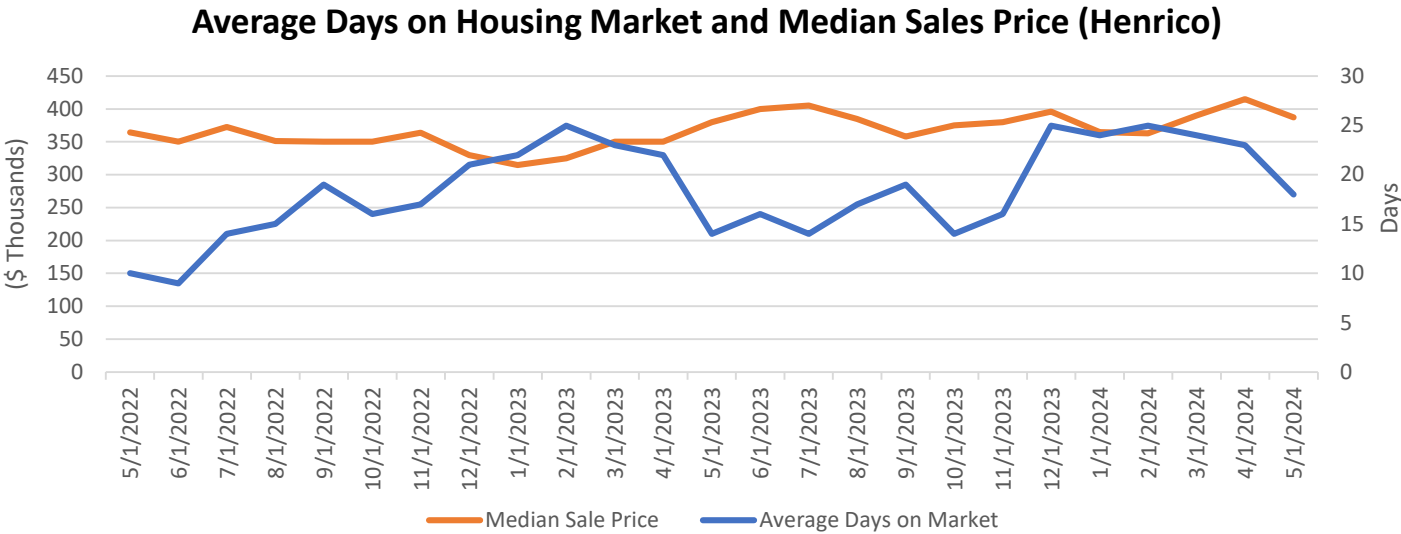
New Residential Construction



New Residential Construction is comprised of new single-family houses that were issued building permits. A slowdown may indicate worsening economic conditions, increased competition from neighboring localities, or a lack of expansion capabilities. **May FY24 construction totaled 121 permits, 65 more than May FY23 and the highest in the recorded dataset.**



Henrico Metrics



Average Days on the Housing Market and Median Sale Price provides a benchmark of the state of the housing market in Henrico. An increase in the time spent on market may indicate a slowing of the housing market, while a decrease may indicate acceleration. Median Sale Price tracks the middle value of homes sold in the County that month and can provide insight into the general direction of the market. **In May 2024, the Median Sale Price fell \$28,000 to \$387,000; this is 1.8% higher than the median of May 2023 and 6.2% higher than May 2022⁸.** With the much-needed growth of inventory seen throughout May, home prices began to recede slightly, although the data suggests an increase in transaction volume⁹. **Average Days on the Housing Market decreased from 23 in April to 18 in May.**

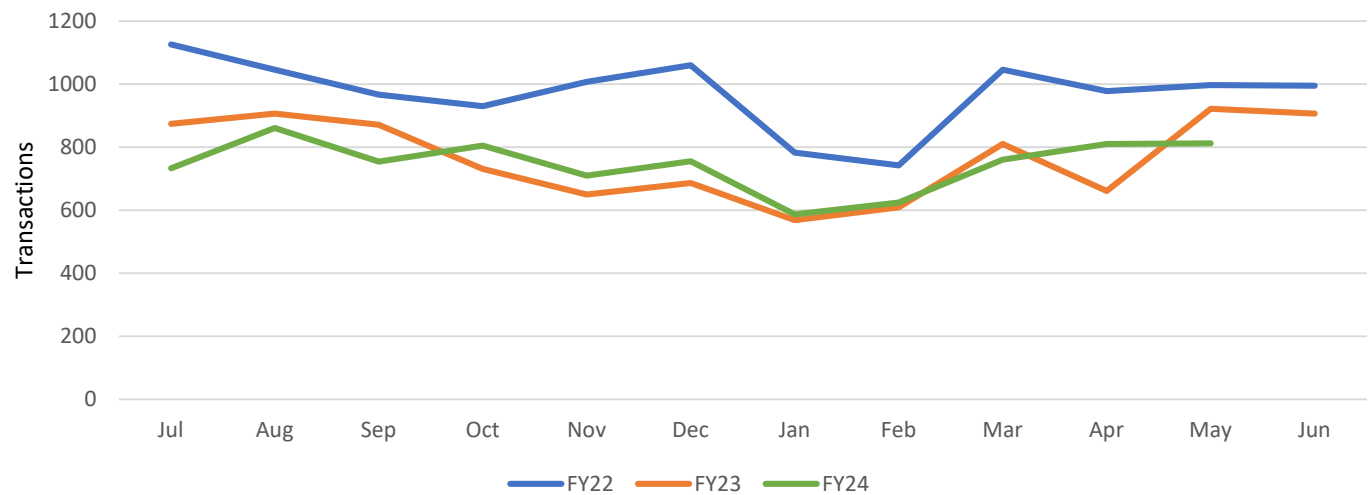
⁸ Long & Foster; <https://marketminute.longandfoster.com/market-minute/va/henrico-county.htm>

⁹ Virginia Realtors; <https://virginiarealtors.org/research/reports/home-sales-reports/february-2024-home-sales-report/>



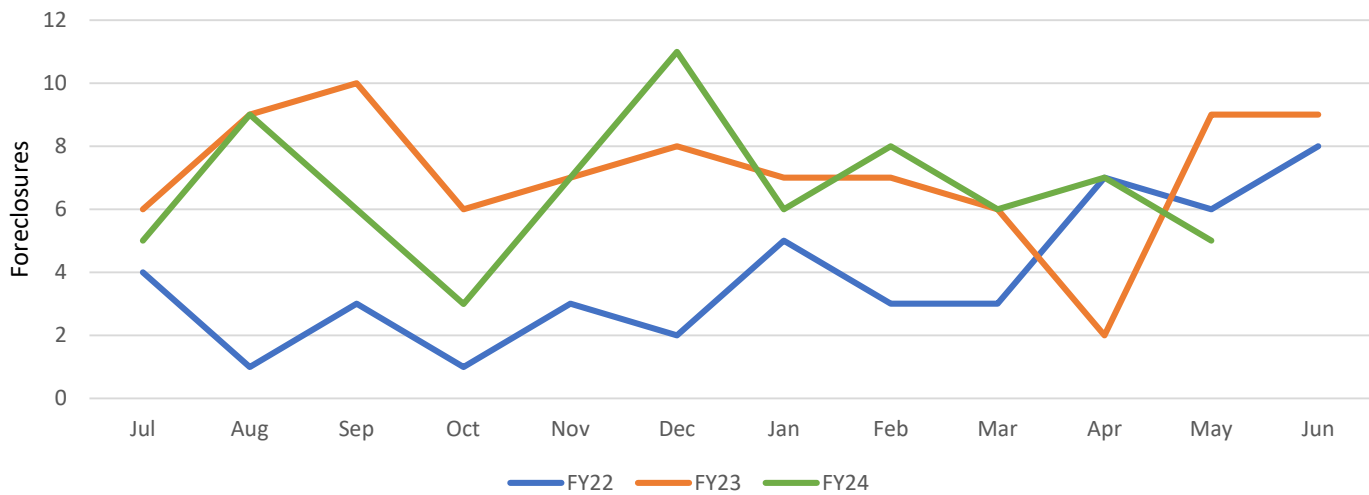
Henrico Metrics

Residential Transactions



Foreclosures & Transactions data represents Henrico’s completed residential sales and reports residential foreclosures. These provide a snapshot of Henrico’s housing market. Consistency in transactions represents a healthy and growing market. **812 total residential transactions were recorded in May FY24, up from 810 in April.**

Residential Foreclosures

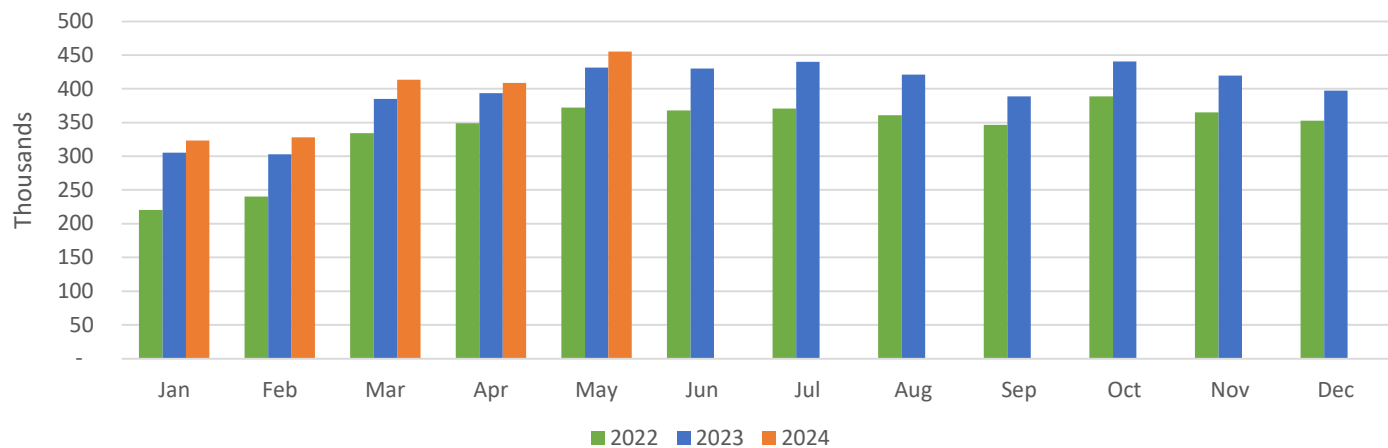


There were 5 foreclosures reported in May FY24, down from 7 in April.



Area Metric

Richmond Aviation Activity



Richmond Aviation Activity represents passenger activity in and out of Richmond International Airport. The value is the combination of enplaned (departing) and deplaned (arriving) passengers. This provides traffic activity as it relates to flights around Henrico. Air travel can provide a benchmark for imported economic activity and is correlated with Occupancy and Meals Tax collections. **May 2024 represents the highest recorded activity on record at 455,114 passengers, up 5.5% from May 2023¹⁰.**

¹⁰ Richmond International Airport; <https://flyrichmond.com/airport-information/>