



Overview

The purpose of this report is to provide an overview of different economic indicators that may affect Henrico County's ability to perform 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 (FY22) and compare it to the current year (FY23). Data for FY23 is updated monthly as it becomes available. Some data is collected more frequently. Figures with dollar values will be in the millions unless indicated otherwise. Forward-looking statements should not be relied upon for investment decisions.

OMB Summary

The observed metrics demonstrate fair results across the months of July and August. Value of the S&P 500 ending August where it left off in July and declining oil prices since mid-June indicate some degree of stabilization. Meanwhile, the Consumer Confidence Index experienced a notable increase, reaffirming consumer optimism. Similarly, the Consumer Price Index (CPI) offered some relief in July with no additional price growth for the first time in over 24 months. Year-to-date CPI growth is now cited at 8.5%. The County's unemployment rate saw a slight decrease from 3.0% to 2.9%. Furthermore, the County's tax collections remained strong across all recorded sectors and highlights the stability of the locality in the face of unknown economic pressures.

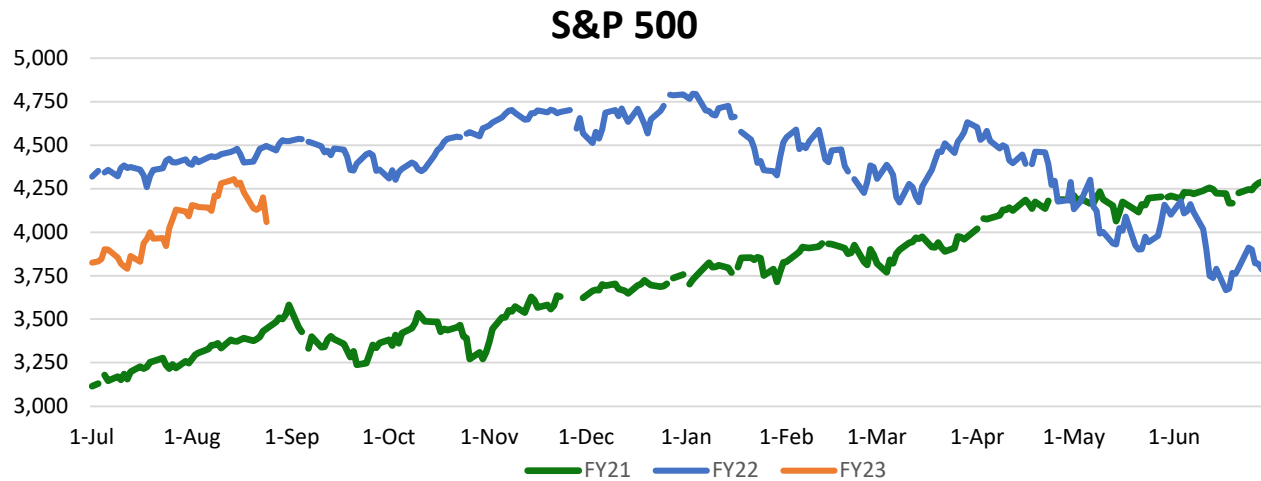
Metrics Considered

- **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, Crude Oil Prices
- **Virginia:** Unemployment Rate, Initial Unemployment Claims
- **Henrico:** Continued Unemployment Claims, Local Sales & Use Tax, Meals Tax, Real Property Tax, Personal Property Tax, Vehicle Registrations, Occupancy Tax, New Residential Construction, Residential Transactions & Foreclosures
- **Area:** Richmond Aviation Activity



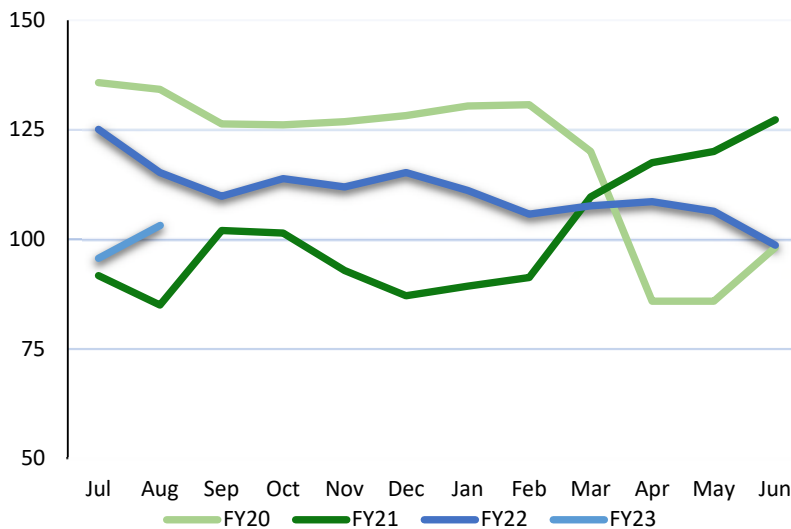
National Metrics

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.



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. **The index has been struggling since December when the market hit record high values¹.** August continued July's climb until about midway through the month at which point it receded to where July left off.

Consumer Confidence Index



The **Consumer Confidence Index** is a monthly survey given to 5,000 random households gathering opinions on present situations and future expectations. It is benchmarked to 1985 (100) and best compared by reviewing month over month changes. **The index rose to 103.2 in August, after falling for three straight months².** Consumers cited optimistic expectations regarding general business conditions and the future of the labor market.

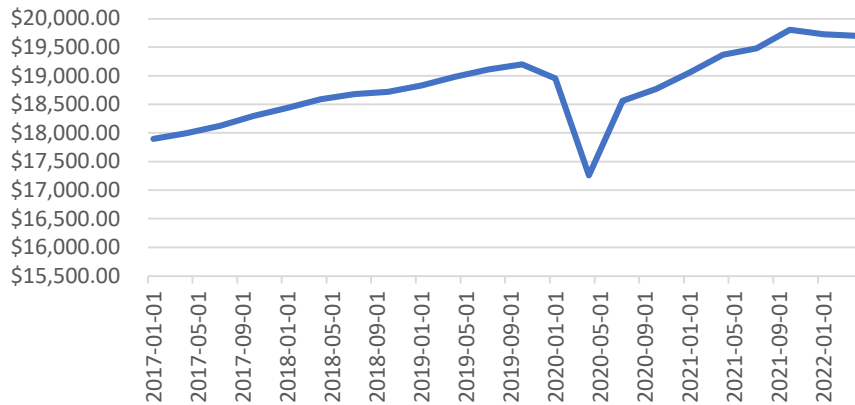
¹ Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/SP500>

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



National Metrics

Real GDP (\$B)
Seasonally Adjusted



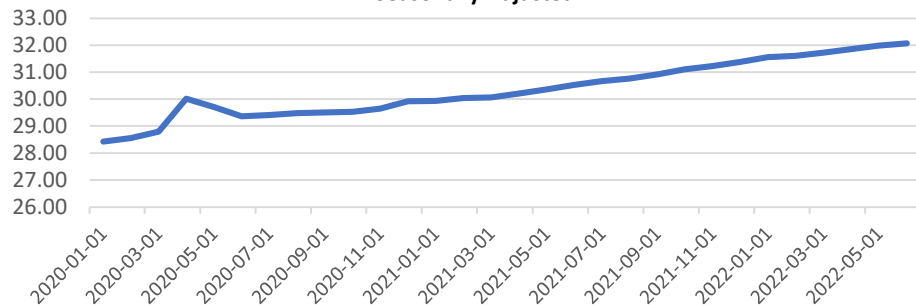
The **Real Gross Domestic Product** is an inflation adjusted standard measure of all goods and services produced by labor and property located in the United States in a stated period. Gross domestic product can be calculated on a nominal or real (adjusted for inflation) basis. Since rising prices influence GDP, removing inflation related price changes isolates changes in production quantity. **In the second quarter of 2022, real GDP declined another 0.14%**

QoQ, however this represents some stabilization from the previous quarter's drop of 0.40% QoQ³.

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

Wages (Private Employees)
Seasonally Adjusted



adjustments, they can also include changes in the mix of employment. **As of July 1, the average hourly wage was \$32.27. This marks an increase of nearly half a percent over the \$32.12 reported on June 1⁴.** The last time wages decreased from the prior month was in May 2020 reflecting Pandemic impacts.

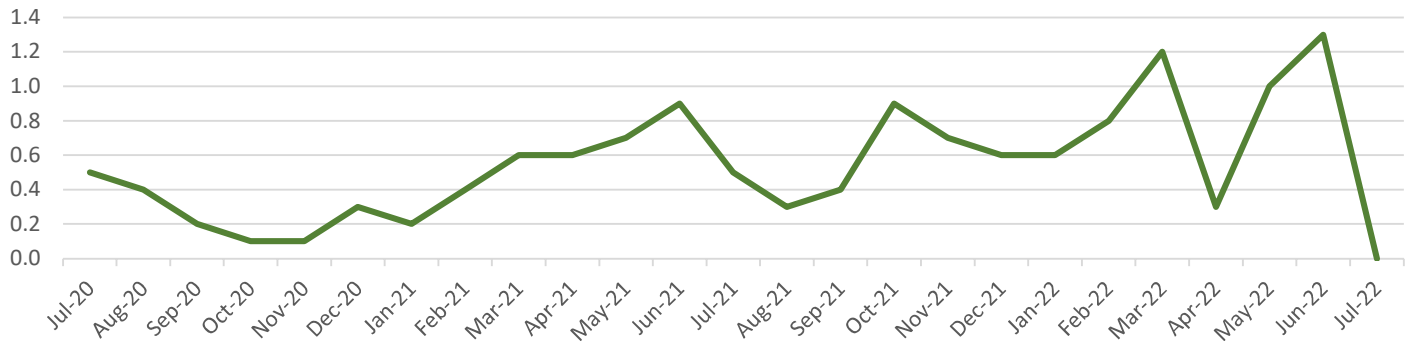
³ Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/GDP>; GDP data is published quarterly and operates on a slight delay with FY22 Q3 data expected to be published within the November monthly report.

⁴ Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/CES050000003>



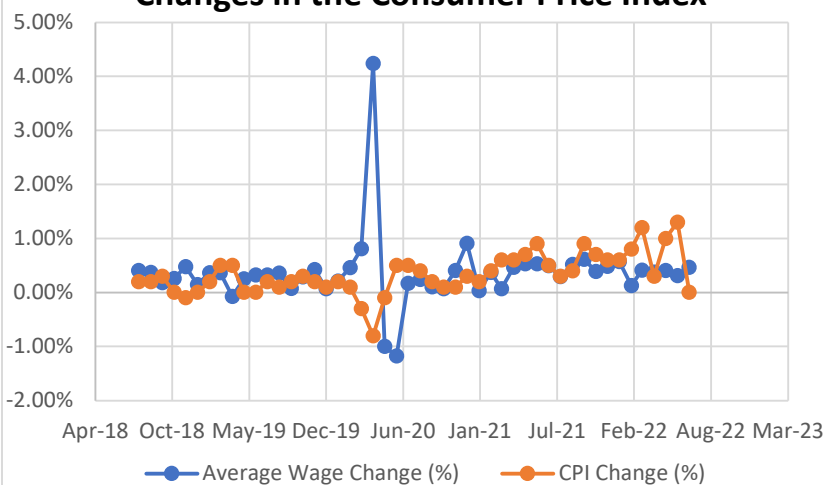
National Metrics

Consumer Price Index



The **Consumer Price Index** is a weighted average of the prices of an identified basket of consumer goods and services used to help monitor inflation. The index provides some insight into the effectiveness of economic policy at the national level, and over-time shows the average change in price that consumers experience. 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 July 2022, the consumer price index remained flat⁵. **This denotes the first break in a multiyear inflationary trend. The current 12-month CPI growth is 8.5% (unadjusted data) as reported by the Bureau of Labor Statistics.**

Average Hourly Wage Changes against Changes in the Consumer Price Index



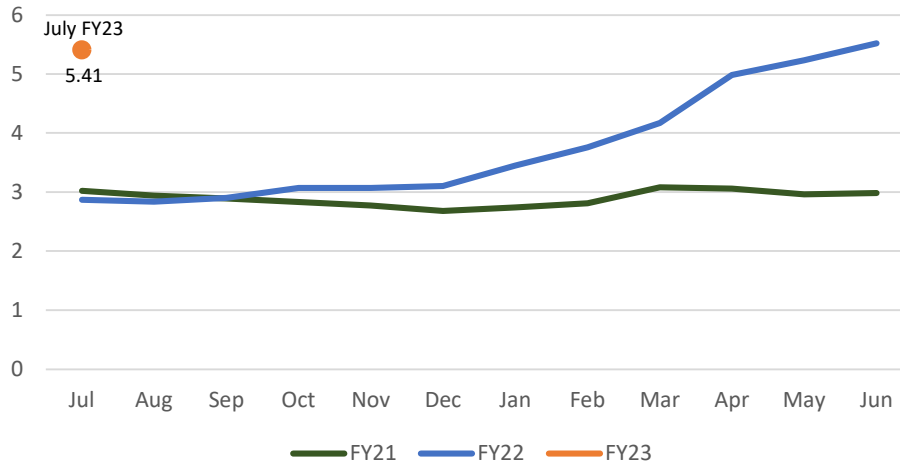
Average Hourly Wage Changes against Changes in the Consumer Price Index analyzes the relationship between national wages and consumer pricing, and more loosely, its affiliate inflation. It should be noted that this graph encompasses month over month changes, with both metrics demonstrating continuous upwards growth over the past 2 years of recorded data. **For the first time since the end of 2020, monthly wage growth has outpaced the change in CPI by nearly half a percentage point.**

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



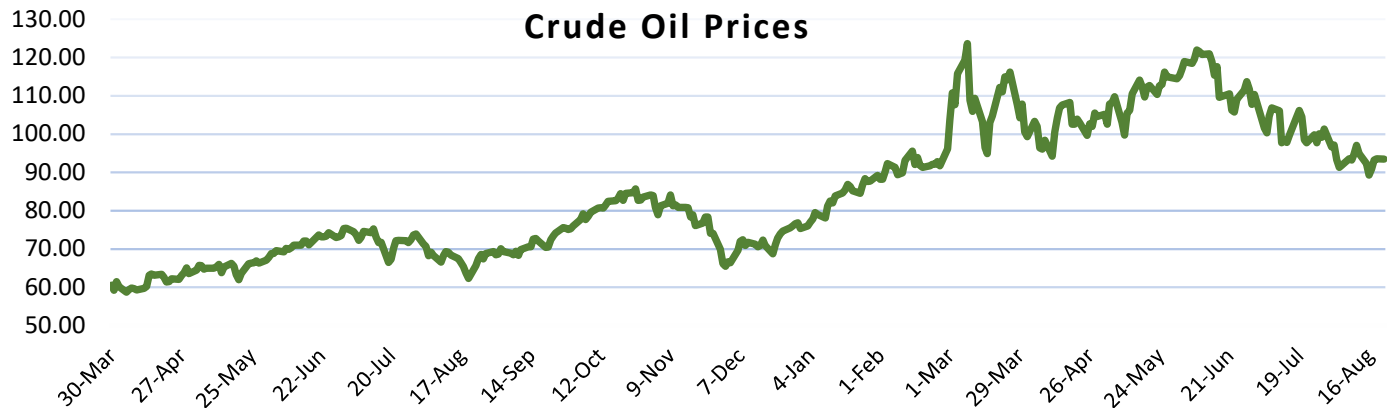
National Metrics

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 July 2022, the 30-year fixed mortgage interest rate decreased to 5.41% from a June 2022 rate of 5.52% with rates expected to rise next month due to anticipated Fed actions⁶.**

Crude Oil Prices



Crude Oil Prices are the daily rate received for a barrel of unrefined oil produced in Texas and Southern Oklahoma --- among the easiest to refine oils in the world and therefore a standard for oil prices worldwide. When crude oil prices change, the price at the pump paid by consumers changes in harmony. **During the month of March, prices reached a high of \$123.64; latest August pricing has recorded \$93.42, a notable decline from peak pricing⁷.** As recently as January, prices were under \$80 illustrating the impact of world events on the price of crude, which subsequently impacted consumer spending and other economic inputs.

⁶ Freddie Mac; [30-Year Fixed-Rate Mortgages Since 1971 - Freddie Mac](https://freddie.com/research/30-year-fixed-rate-mortgages-since-1971/)

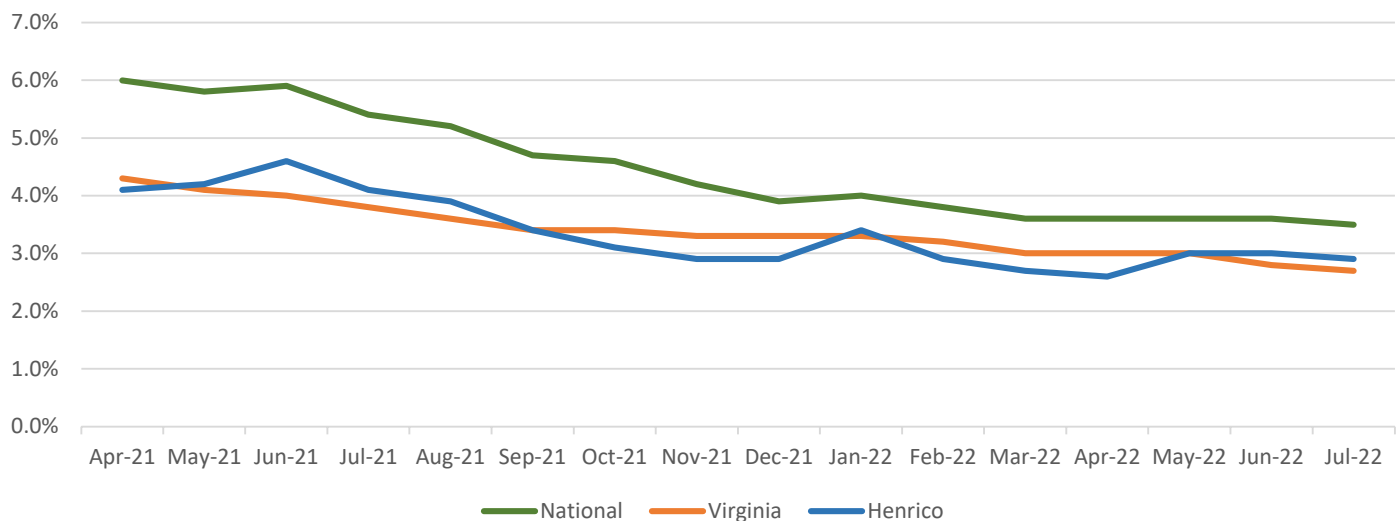
⁷ Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/DCOILWTICO>



Virginia & Henrico Metrics

Combined Metrics

Unemployment Rates



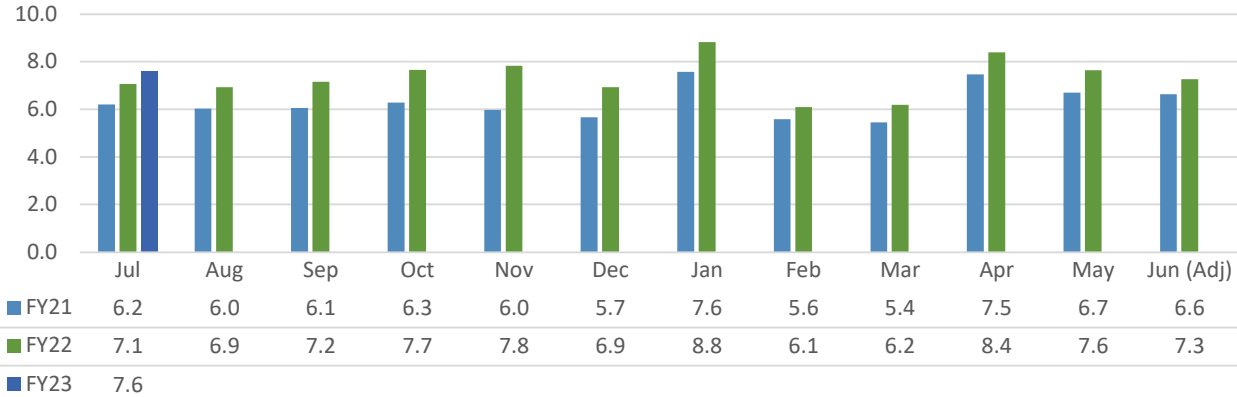
The **Unemployment Rate** shows the number of unemployed people as a percentage of the workforce. Known as the U-3 unemployment rate, an individual must be actively seeking work or laid off to be included. State unemployment data lags roughly six weeks while local unemployment data lags 9 weeks. **The unemployment rate decreased by 0.1% in July at the National, State, and Local level⁸. Historically, Henrico unemployment rates have trended closely with the National and State levels.** In this measure, workers who are unable to work due to temporary layoffs are included. Temporary layoffs include voluntary layoffs by firms as well as mandated closures during quarantines.

⁸ US Bureau of Labor Statistics; <https://data.bls.gov/lausmap/showMap.jsp>



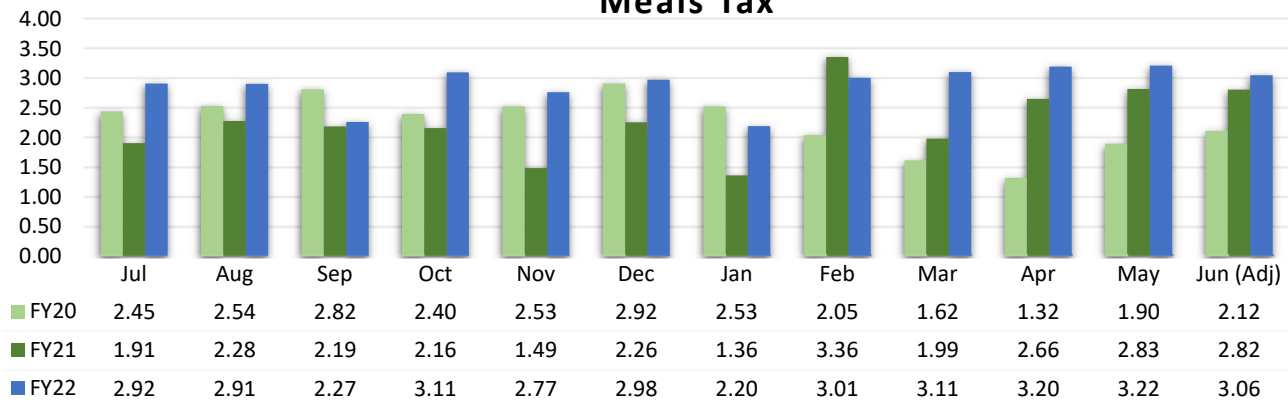
Henrico Metrics

Local Sales & Use Tax



Henrico County **Sales & Use Tax** amounts to 6.0% on each purchase collected by the Commonwealth. 1% is remitted back to the County from the State. **July data begins fiscal year-to-date collections for FY23 with \$7.6 million, 7.5% higher than the same period in FY22⁹.**

Meals Tax



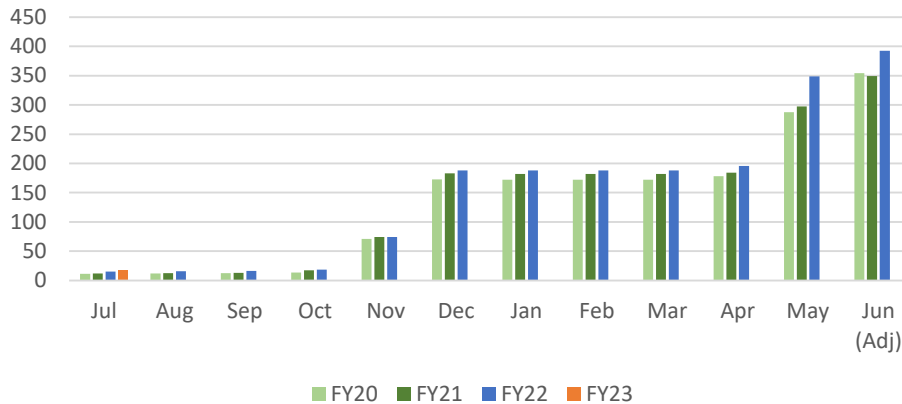
Henrico's **Meals Tax** establishes a 4% tax on prepared food and beverages. Revenue generated by the Meals Tax is dedicated to the operational and capital project needs of Henrico's Public Schools. Collections are backdated two months and compared as year-over-year monthly collections. **June FY22 collections at \$3.06 million represented an increase compared to June FY21 collections at \$2.82 million.** FY22 collections far exceeded pandemic and pre-pandemic levels reflecting an overwhelming resurgence in dining out.

⁹ Henrico County Office of Budget and Management (OMB); All subsequent data is courtesy of the Henrico County OMB unless denoted otherwise



Henrico Metrics

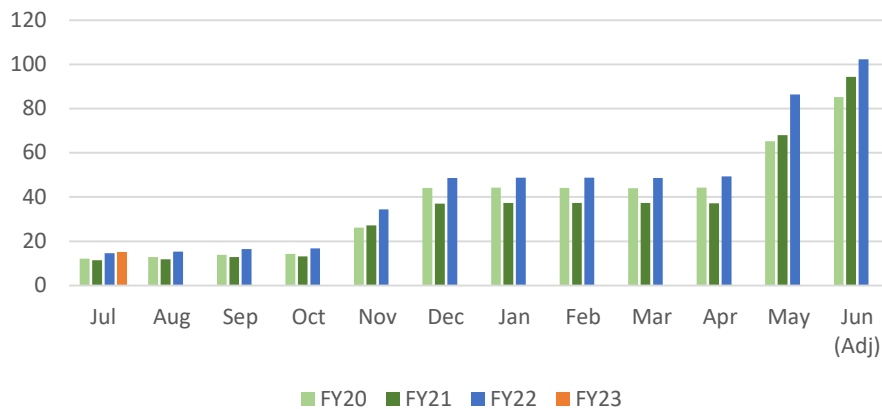
Real Property Taxes
(\$ Millions)



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. **Property Tax collections for the month of July FY23 were 13.3% above July FY22.** Collections will

reflect assessment increases offset by tax relief provided through the 2-cent reduction in the Real Estate tax rate. The graph above represents cumulative collections through the fiscal years.

Personal Property Taxes
(\$ Millions)



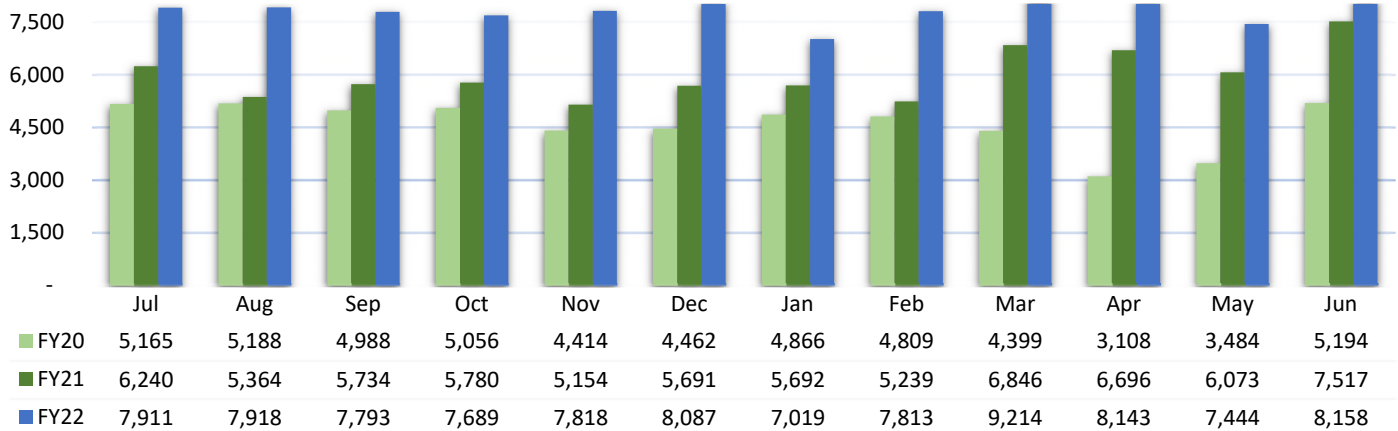
Personal Property Taxes are collected on all vehicles including cars, trucks, trailers, motorcycles, motor homes, aircraft, and watercraft. Personal property is collected in the locality where it is normally garaged, docked, or parked. Henrico County uses the J.D. Power Official Used Car Guide as of January 1st of each year to establish valuations. Collections are due twice a year in December and June. **Collections for the month of July**

FY23 were 3.8% above July FY22. Personal Property tax collections will reflect significant increases in used vehicle assessments. These increases are the result of price volatility in the used vehicle market due to supply chain shortages. The graph above represents cumulative collections through the fiscal years.

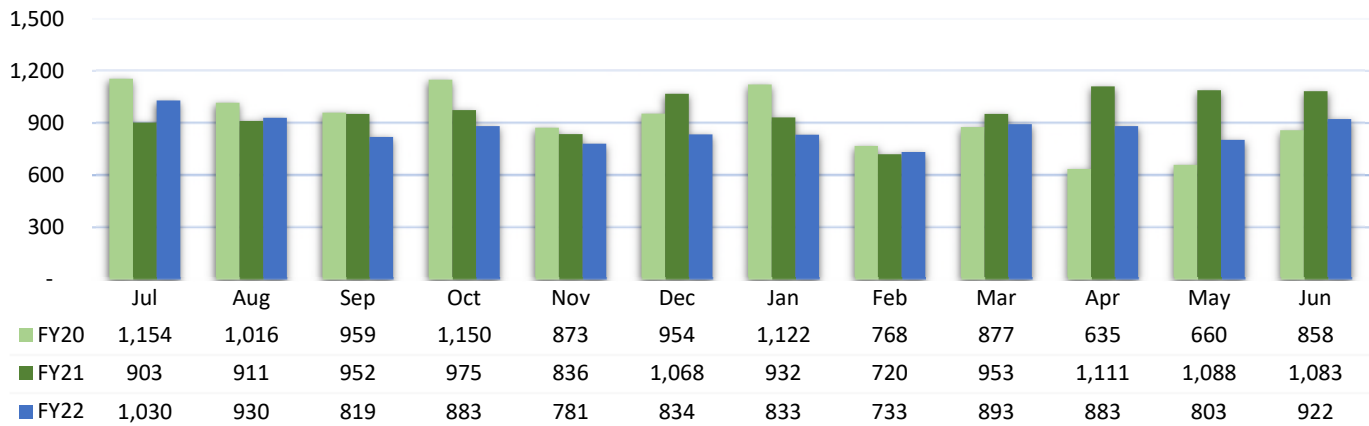


Henrico Metrics

Used Car Registration



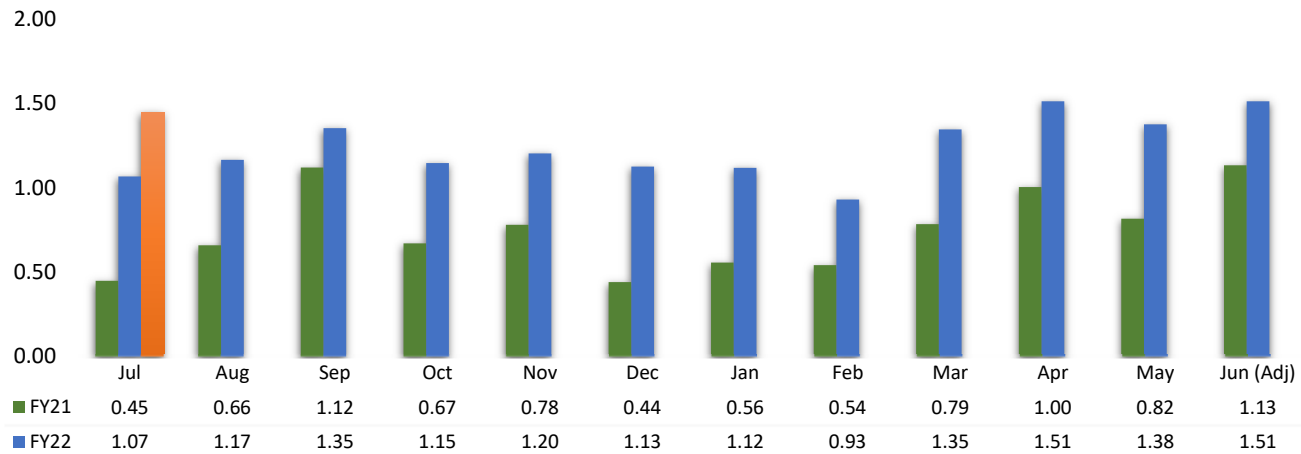
New Car Registration



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. **As of this point, there has been no update from the State on New or Used Car Registrations for July FY23.**



Henrico Metrics



Henrico’s **Occupancy Tax** is collected on lodging for overnight stays. **Occupancy Tax collections in July edged down slightly to \$1.45 million from the \$1.51 million seen in June. However, July FY23 starts off the fiscal year 35.8% higher than July FY22 reflecting an improving sector that is performing at pre-pandemic levels.**

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. 72 construction permits were issued in July, up 42 from June. **This is a noteworthy beginning to FY23 with permits up 63.6% over the same period in FY22; this data continues to illustrate the cyclical nature of the permit process.**