



Overview

The purpose of this report is to provide an overview of different economic indicators that may impact 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 (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. 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 month of August yielded generally positive economic results across numerous local and state measures, with more varied results nationally. The S&P 500 and Consumer Confidence Index experienced declines in August, a reversal to the upward trend seen in both over the past several months. Perhaps the most significant indicator of the month was growth in the Median Sales Price for homes in Henrico County, hitting \$405,000 in July, the highest in recorded history for the County. This comes over several months of continual increases in 2023 and sits at 8.7% higher than July of 2022. Rising 30-year fixed mortgage rates have tightened supply resulting in a decline in transaction volume compared to the prior month and year. Strong demand in the face of a lean supply results in increased sales prices and low days on the market despite higher 30-year borrowing rates. Tax collections continue to remain strong across all observed segments in FY24 and Richmond International Airport passenger activity has maintained an all-time high throughout the summer.

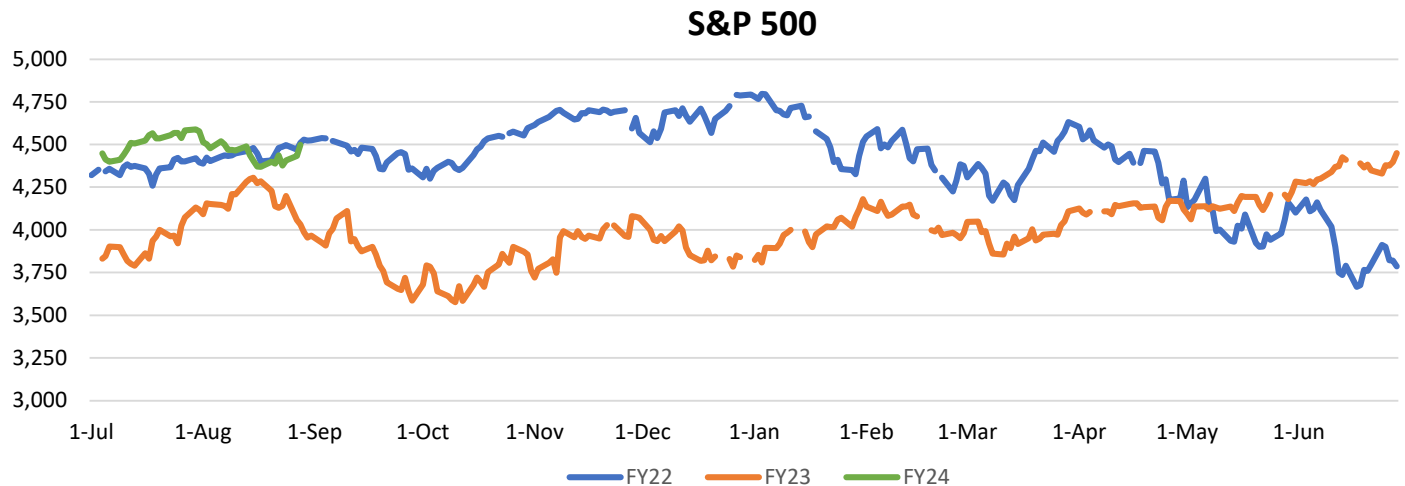
Metrics Considered

- **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
- **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



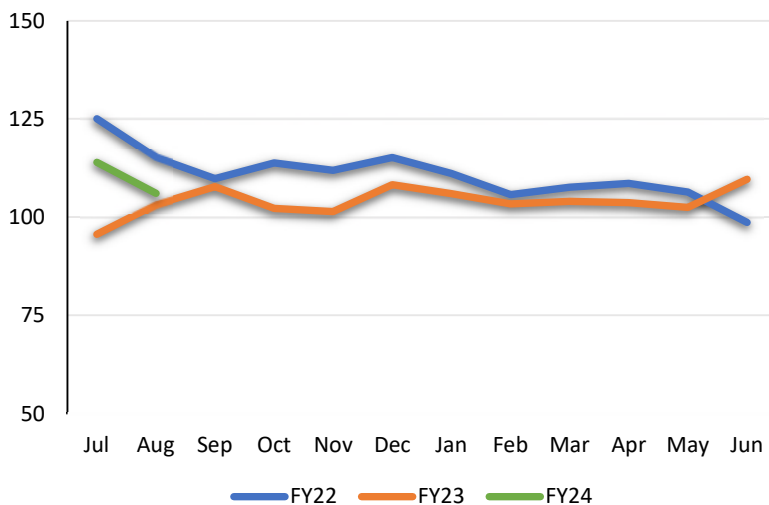
National Metrics

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.



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 dropped slightly in August, coming in approximately 91 points under the close of July¹.**

Consumer Confidence Index

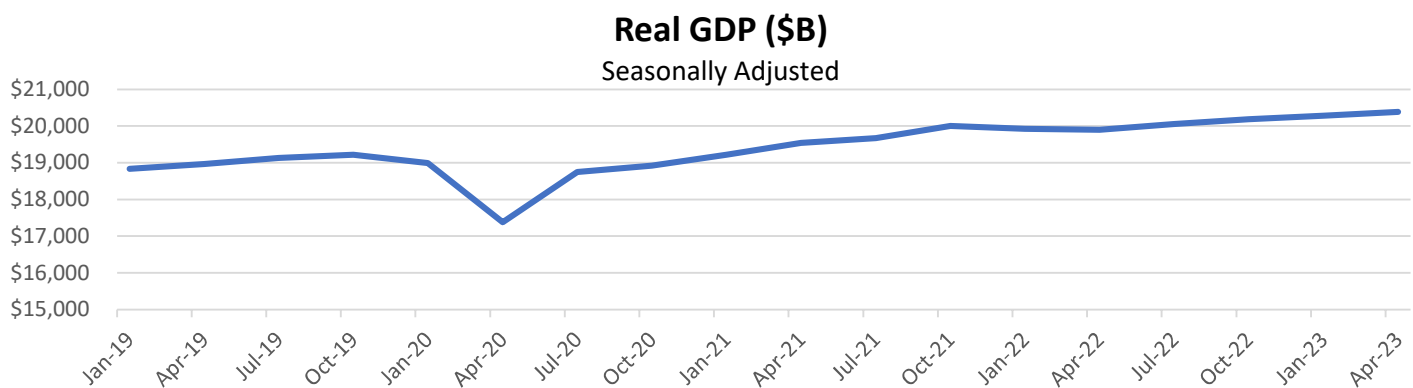


¹ Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/SP500>



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. **In August, the index decreased substantially from 114 to 106.1. Consumers cited negative expectations for future business and employment conditions².**

National Metrics



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 2023, real GDP increased by 0.5%³ when compared to Q1 2023, continuing to reverse the decline experienced in the first two quarters of last calendar year.**

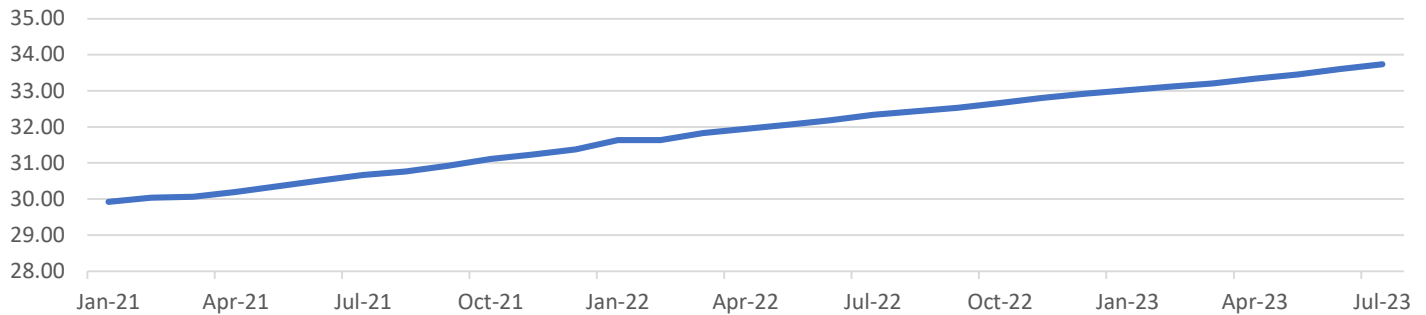
² The Conference Board; [US Consumer Confidence \(conference-board.org\)](https://www.conference-board.org)

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



Wages (Private Employees)

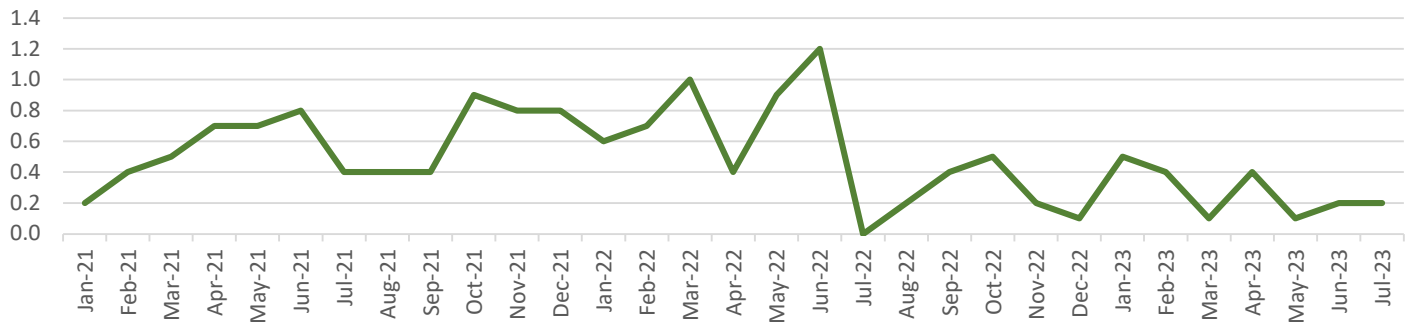
Seasonally Adjusted



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 July, the average hourly wage increased to \$33.74. This rise of \$0.14 from June represents a 0.4% increase⁴.** The last time wages decreased from the prior month was in June 2020 reflecting impacts of the pandemic.

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 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 July 2023, the consumer price index rose by 0.2%⁵.** The current 12-month

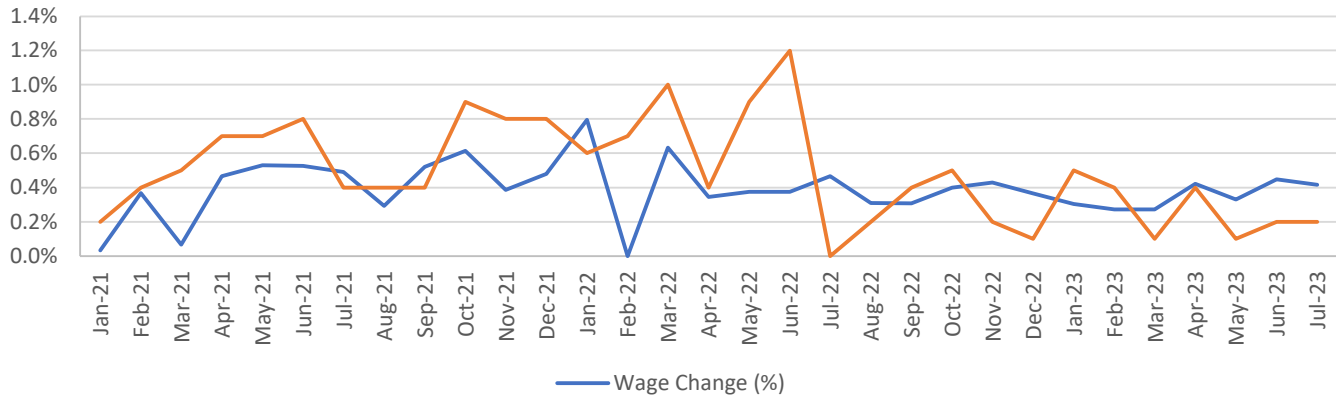
⁴ Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/CES0500000003>

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



CPI growth is 3.3% (unadjusted) as reported by the Bureau of Labor Statistics. This is 5.5% less than the trailing 12-month average of 8.8%, indicating continued inflation less than that of last year.

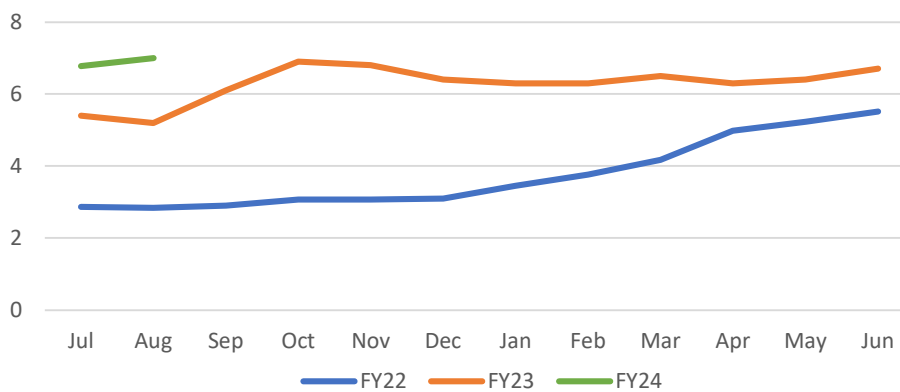
Average Hourly Wage Changes against Changes in CPI



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 upwards growth over the past 2 years of recorded data. **July’s monthly wage growth of 0.4% was higher than the CPI’s 0.2% growth, a positive outcome for consumer buying power.**

National Metrics

30 Year Fixed Mortgage Rates



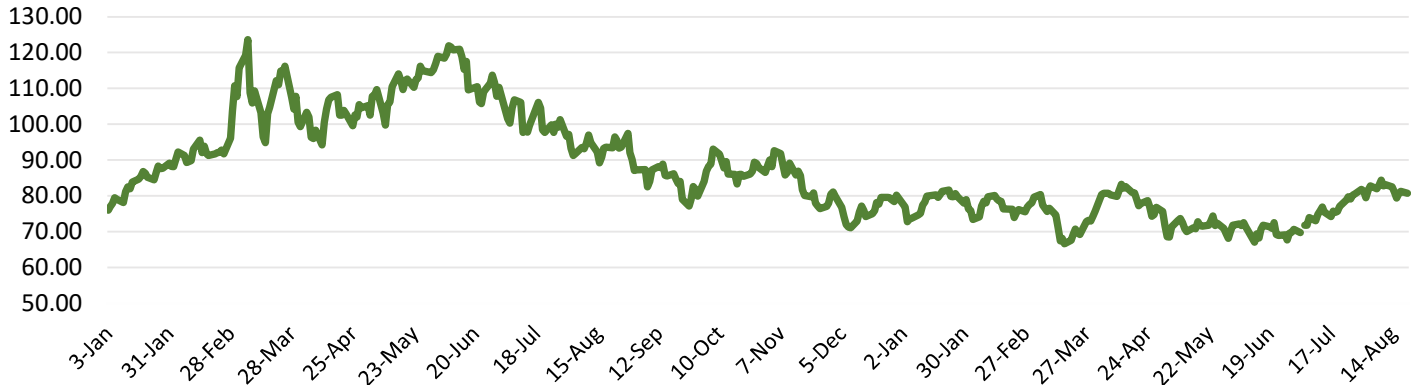
The **30-year Fixed Mortgage Rate** is the most common financing mechanism used by residential home buyers. The interest rate represents the amount a qualified borrower will be charged by a lender over the loan term. **In August 2023, the 30-year fixed mortgage interest rate rose marginally from July at 7.0%⁶.**

Despite the stabilization seen in recent months, rates continue to stand significantly above recent year averages.

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



Crude Oil Prices



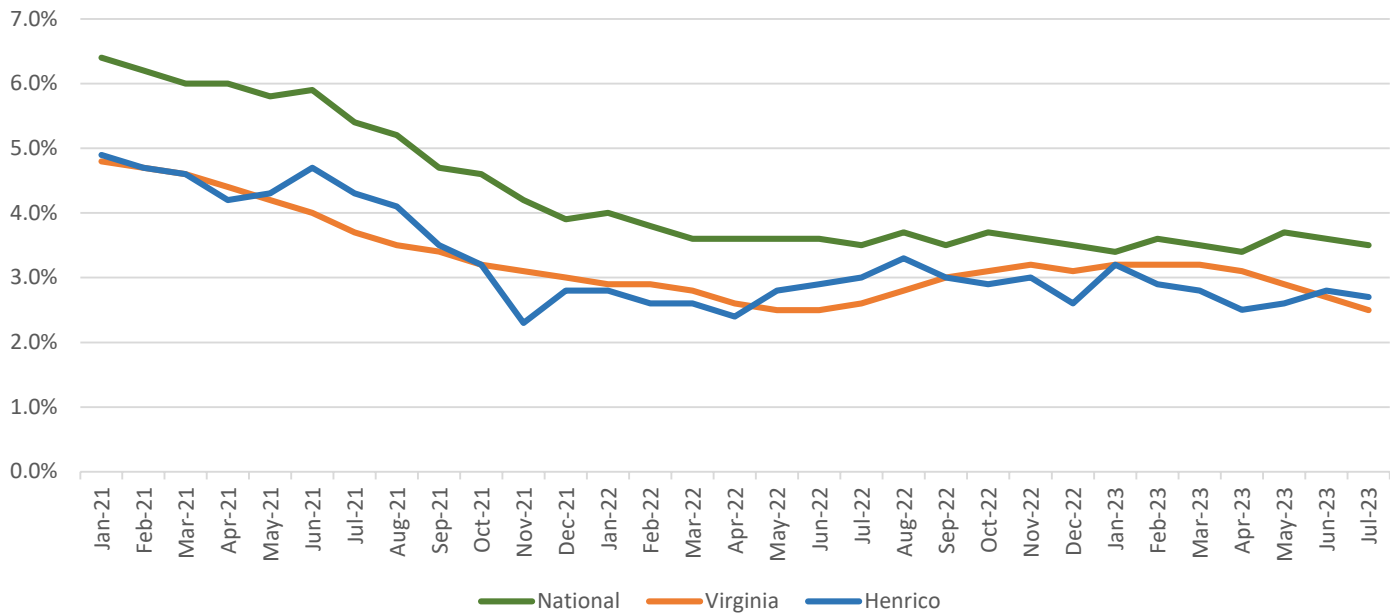
Crude Oil Prices are the daily rate received for a barrel of unrefined oil produced in Texas and Southern Oklahoma – among the easiest to refine oils in the world and therefore a standard for oil prices worldwide. When crude oil prices change, the price at the pump paid by consumers changes in harmony. **During the month of March 2022, prices reached a high of \$123.64; latest August 2023 pricing was recorded at \$80.71, a 34.7% decline from March’s peak and a return to prices comparable to January 2022⁷.** The volatility seen throughout 2022 illustrated exactly how impactful world events could be on the price of crude, which subsequently impacted consumer spending and other economic inputs.

Combined Metrics

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



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 July, the unemployment rate dropped 0.1% at the National level, 0.2% at the State level, and 0.1% in Henrico⁸.** Historically, Henrico unemployment rates have trended closely with the National and State levels.

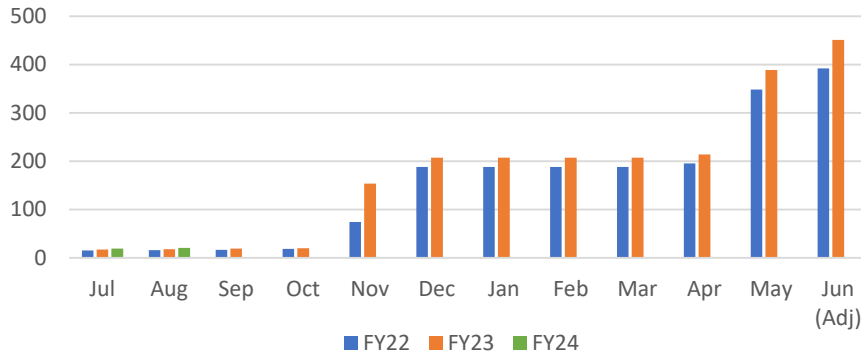
Henrico Metrics

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



Henrico Metrics

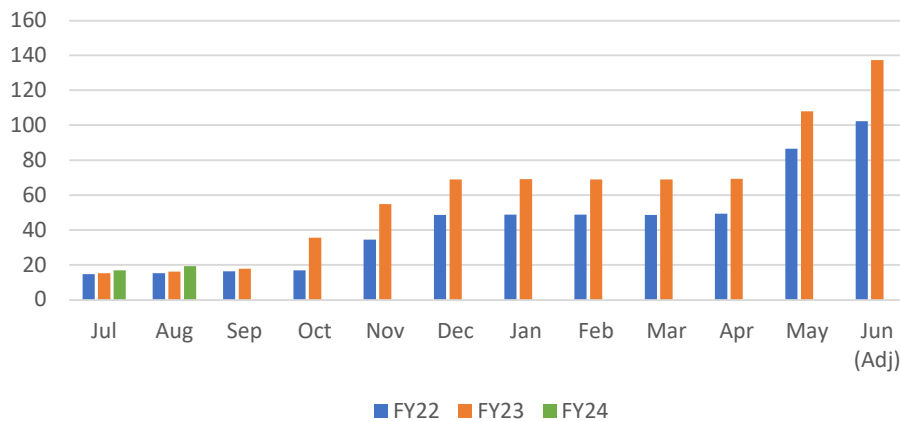
Real Property Taxes (\$ Millions)



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. **Real Property Tax collections for August FY24**

recorded \$20 million; 13.8% higher than August FY23. The graph above represents cumulative collections through the fiscal years.

Personal Property Taxes (\$ Millions)



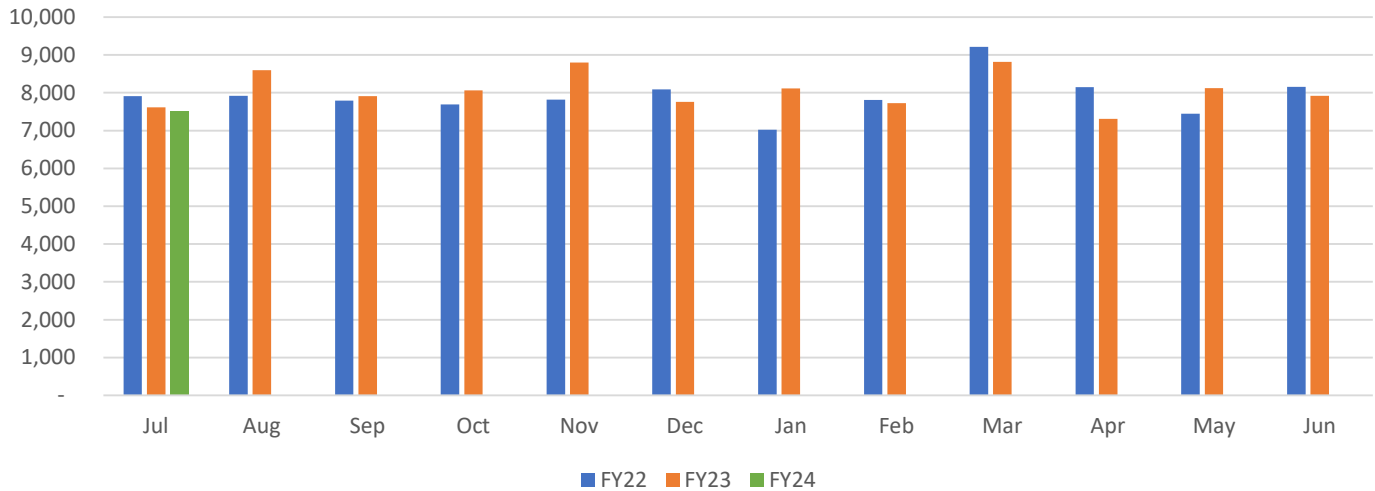
Personal Property Taxes are collected on all vehicles including cars, trucks, trailers, motorcycles, motor homes, aircraft, and watercraft. Personal property is collected in the locality where it is normally garaged, docked, or parked. Henrico County uses the J.D. Power Official Used Car Guide as of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

June. Personal Property Tax Collections for August FY24 totaled \$19 million; 19.4% greater than August FY23. 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. In FY23, The Board of Supervisors approved \$21.5 million in rebate relief. Citizens of the County received \$0.52 per \$100 of assessed value refunded back to them.

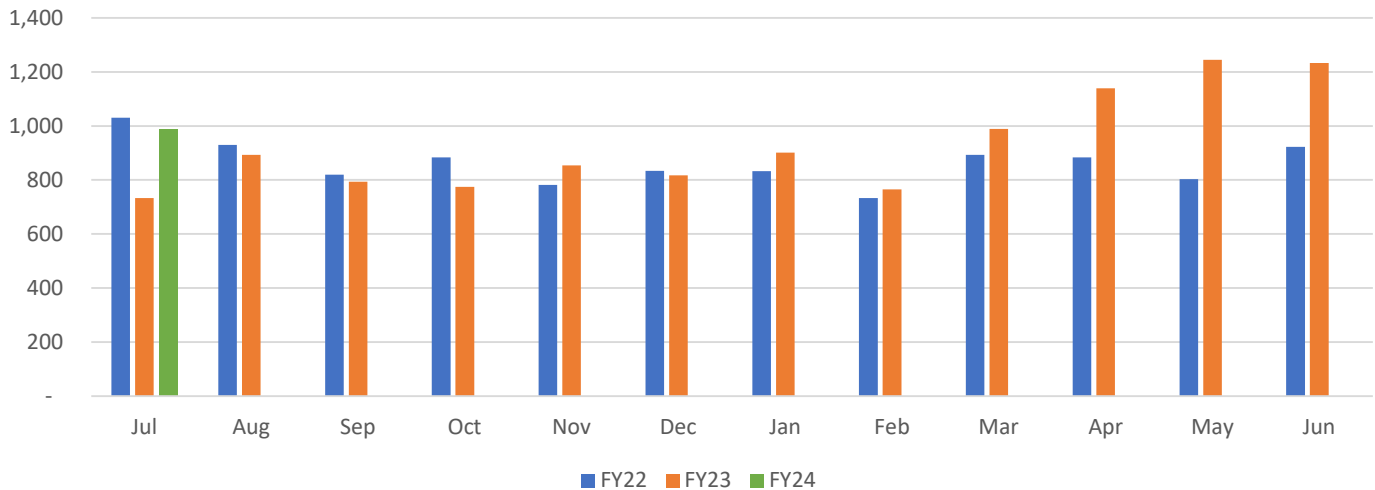


Henrico Metrics

Used Car Registration



New Car Registration

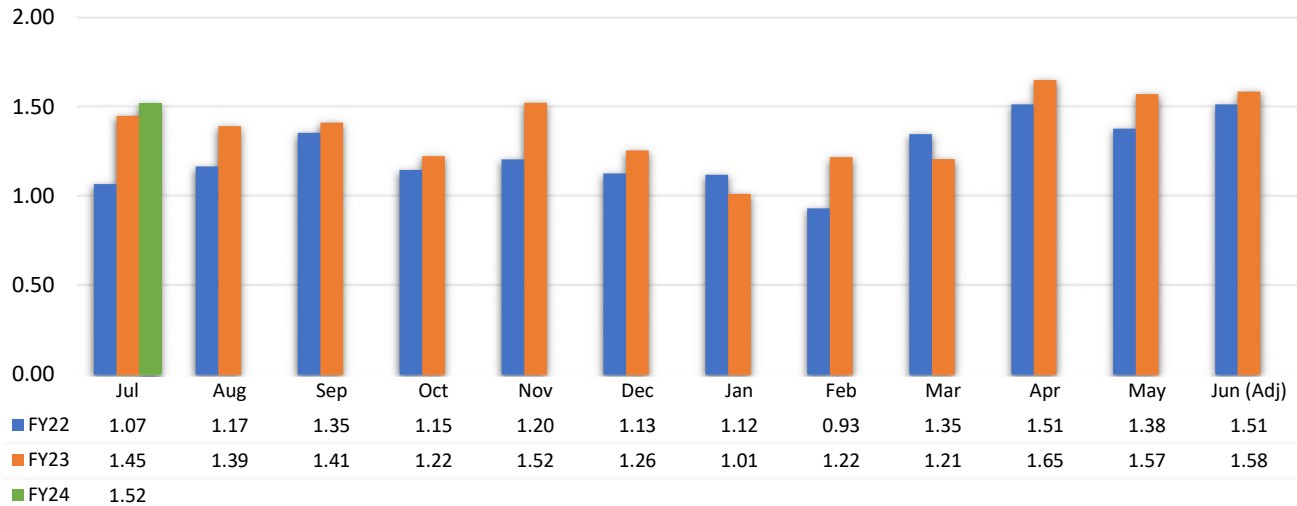


Vehicle Registration data is acquired from the Virginia Department of Transportation and is comprised of both new and used vehicles; the metric strongly correlates to vehicle sales. **Used Car Registrations in July recorded 7,505; 105 lower than July FY23. New Car Registrations in July recorded 989; 256 higher than July FY23.**



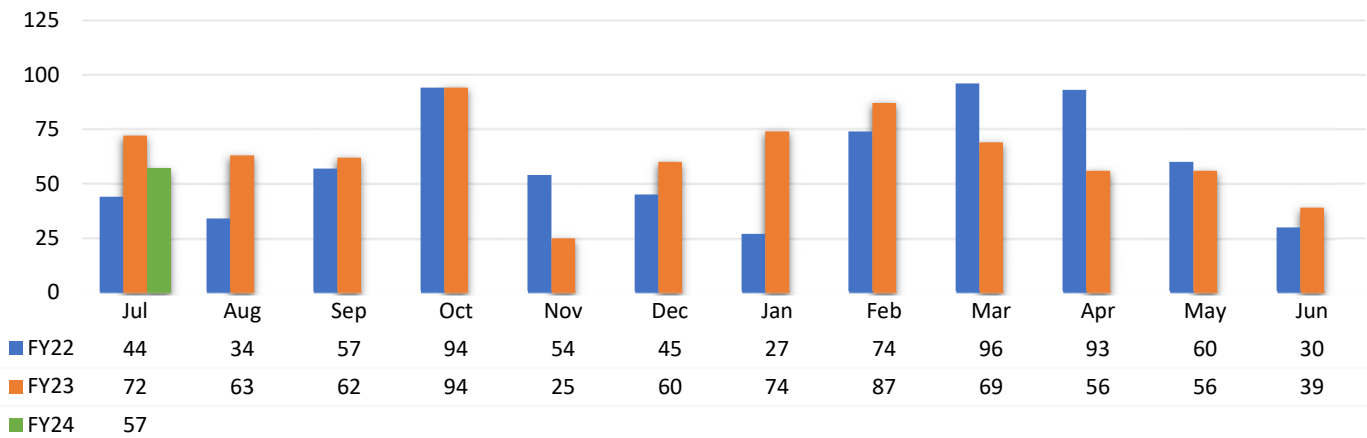
Henrico Metrics

Occupancy Tax



Henrico's **Occupancy Tax** is collected on lodging for overnight stays. **Occupancy Tax collections in July were \$0.07 million higher than those of July FY23.** Occupancy Tax collections have returned to pre-pandemic normalcy.

New Residential Construction

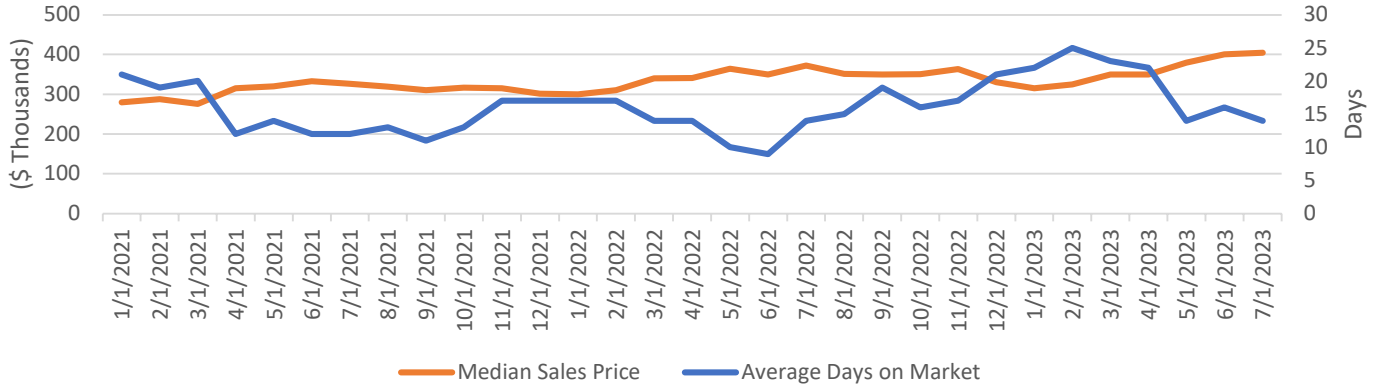


New Residential Construction is comprised of new single-family houses that were issued building permits. A slowdown may indicate worsening economic conditions, increased competition from neighboring localities, or a lack of expansion capabilities. **July FY24 construction recorded 57 permits, 15 less than July FY23.**



Henrico Metrics

Average Days on Housing Market and Median Sales Price (Henrico)



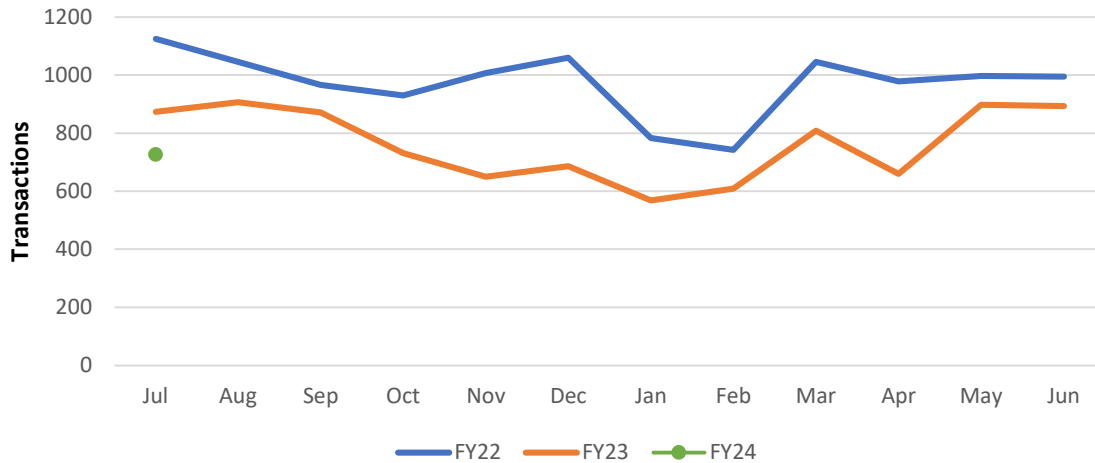
Average Days on the Housing Market and Median Sales Price provides a benchmark of the state of the housing market in Henrico. An increase in the time spent on market may indicate a slowing of the housing market, while a decrease may indicate acceleration. Median Sales Price tracks the middle value of homes sold in the County that month and can provide insight into the general direction of the market. **In the month of July 2023, the Median Sales Price was \$405,000, a \$5,000 increase over June, and the highest in recorded County history. The median is 8.7% higher than July 2022, and 24.2% higher than July 2021⁹.** Average Days on the Housing Market dropped from 16 in June to 14 in July.

⁹ Long & Foster; <https://marketminute.longandfoster.com/market-minute/va/henrico-county.htm>



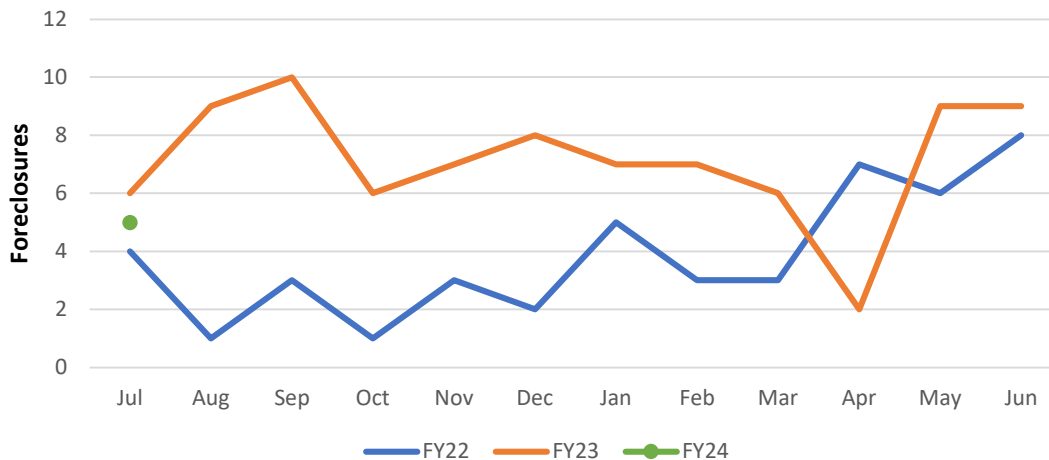
Henrico Metrics

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. **727 total residential transactions were recorded in July. This marks a decline of 147 from July 2022 and is indicative of less activity in the local real estate market.**

Residential Foreclosures

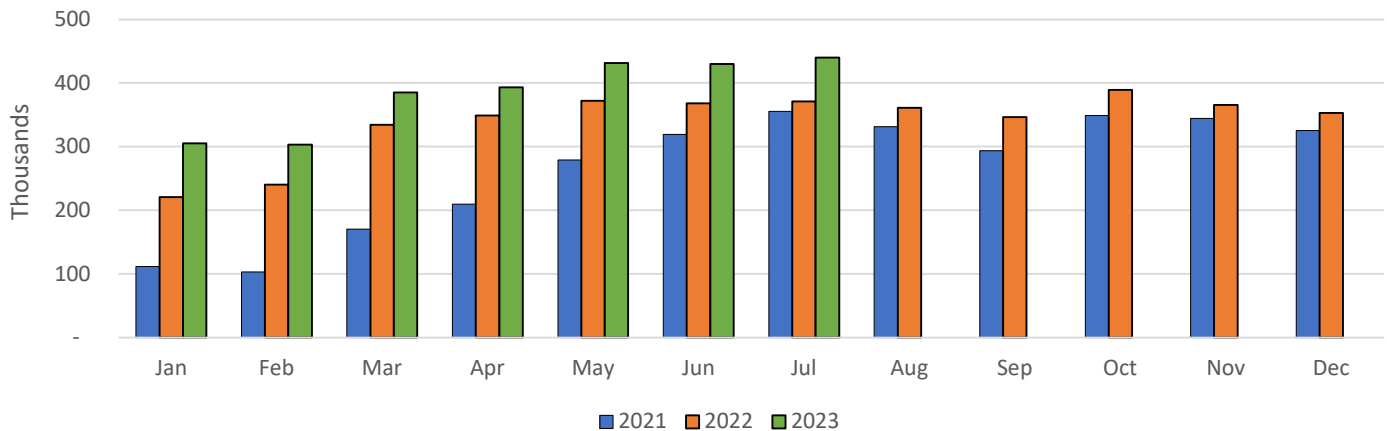


There were 5 foreclosures reported in July, a decrease from 9 in June.



Area Metric

Richmond Aviation Activity



Richmond Aviation Activity represents passenger activity in and out of the 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 to Occupancy Tax collections. **July 2023 reported the highest number of passenger activity since before this metric's data recordation began in January 2015¹⁰.**

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