



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 mixed results across the months of June and July. Slight improvements in the performance of the S&P 500 and declining oil prices indicate some degree of stabilization following a turbulent prior month. Conversely, the Consumer Confidence Index experienced a continued decline to its lowest point since February 2021. Similarly, the Consumer Price Index (CPI) continued in its inflationary trend lasting over 24 months. Year-to-date CPI growth is now cited at 9.9%. Real Gross Domestic Product yielded its second consecutive quarter of decline – a commonly cited indicator of recession. The long-term effects of this decline are yet to materialize in full but may include downturn in sales and economic output nationally, as well as an increase in unemployment. The County's unemployment rate saw a slight increase from 2.6% to 3.0% over the month of May. Despite this 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.

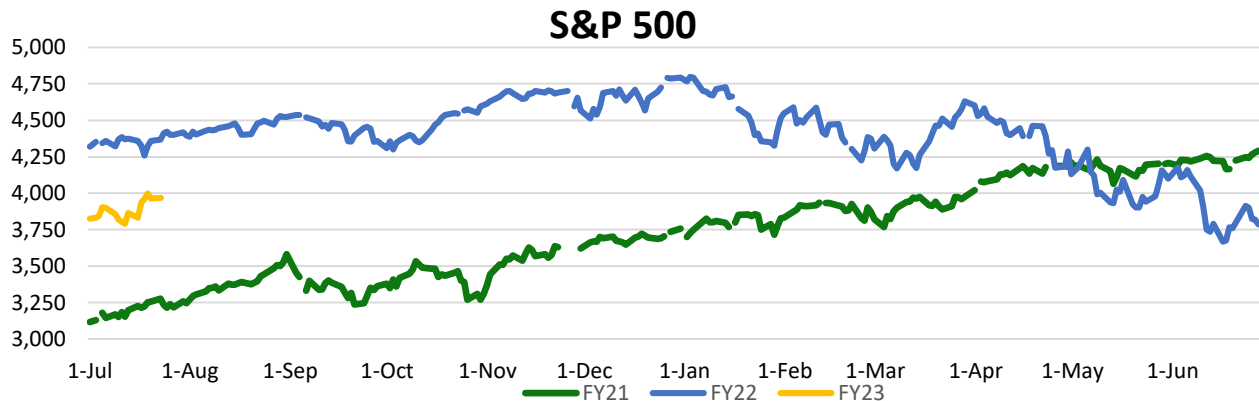
Metrics Considered

- **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

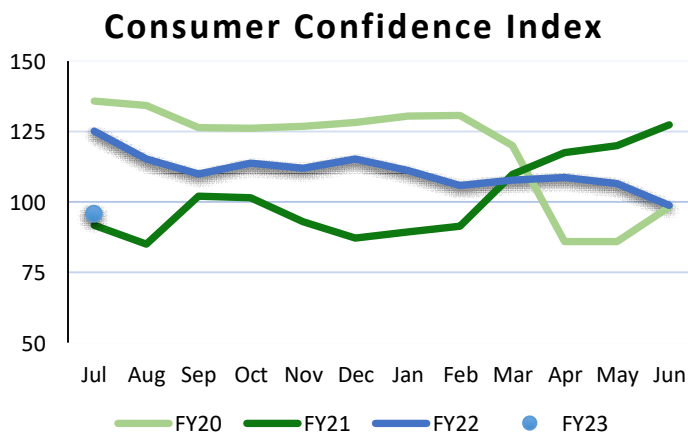


National Metrics

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.** July saw a slight improvement over June, rising approximately 140 points over the span of the month.



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 dropped to 95.7 in July, the lowest since February 2021².** Consumers cited pessimistic expectations regarding general business conditions and the future of the labor market.

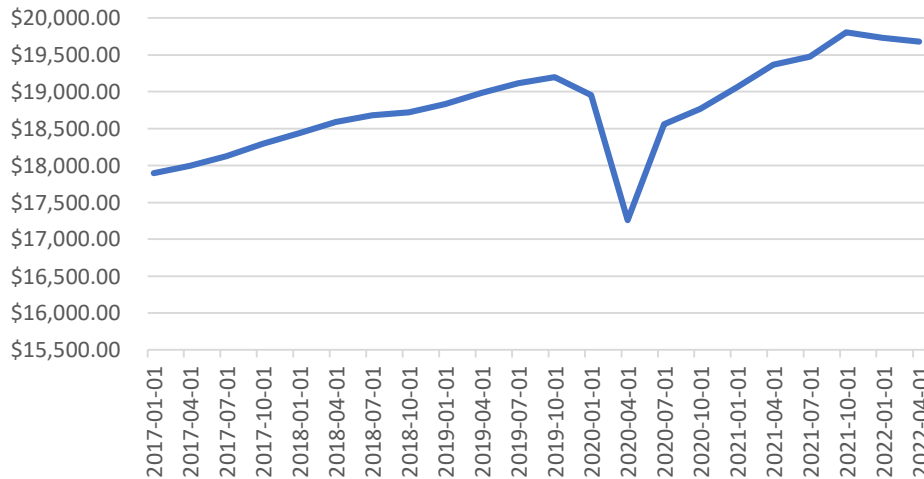
¹ Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/SP500>

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



National Metrics

Real GDP \$B



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. **Real GDP** showed its second

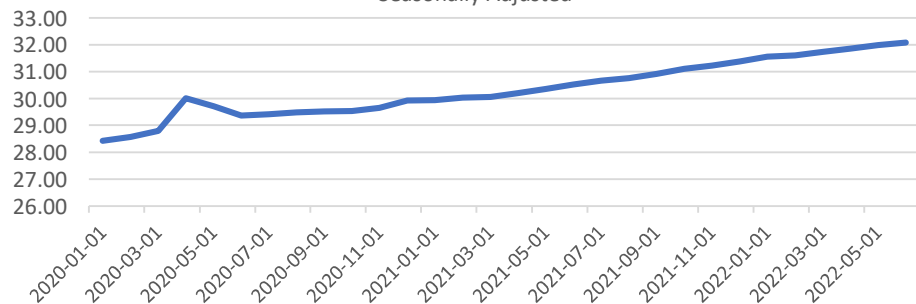
consecutive quarter of decline, a commonly accepted indicator of recession among economists³. The long-term implications and duration of this decline are speculative, though typical impacts of recession include increases in unemployment, decreases in consumer demand and production⁴.

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. **In June the average hourly wage increased to \$32.08 from \$31.98 reported in May, representing an increase of less than one percent⁵.** 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 Q2 data expected to be published within the July monthly report.

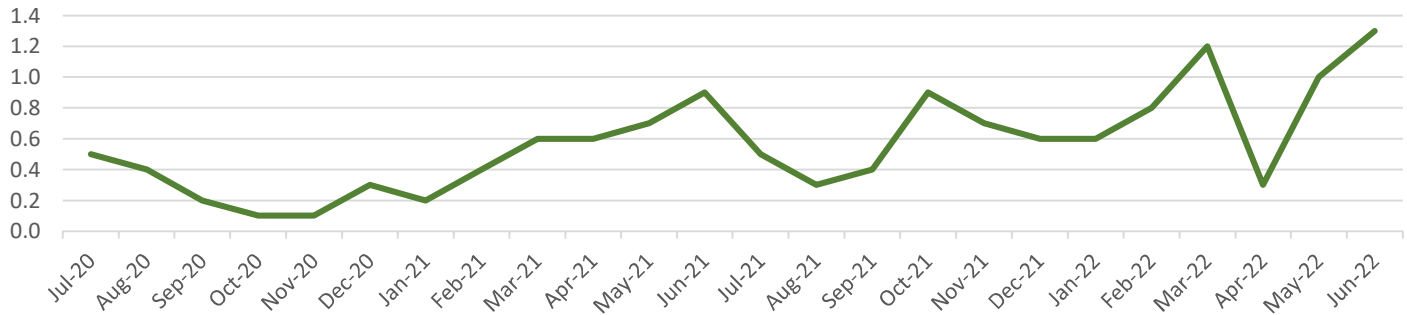
⁴ Investopedia: Guide to Economic Recession; <https://www.investopedia.com/terms/r/recession.asp>

⁵ Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/CES0500000003>



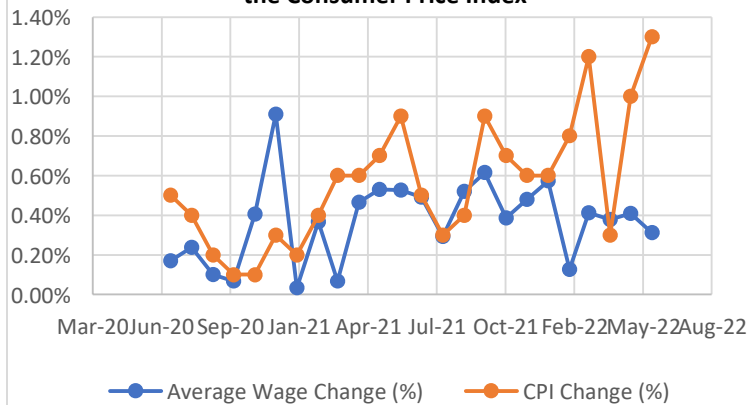
National Metrics

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 June 2022, the consumer price index increased by 1.3% from May 2022⁶. **This shows increased growth from the previous month and indicates an inflationary trend lasting over 24 months. The current 12-month CPI growth is 9.9% (unadjusted data) as reported by the Bureau of Labor Statistics.**

Average Hourly Wage Changes against Changes in the Consumer Price Index



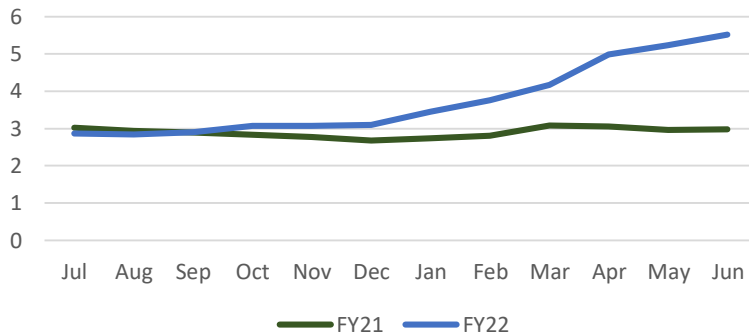
Average Hourly Wage Changes against Changes in the Consumer Price Index analyzes the relationship between national wages and consumer pricing, and more loosely, its affiliate inflation. It should be noted that this graph encompasses month over month changes, with both metrics demonstrating continuous upwards growth over the past 2 years of recorded data. **While these metrics have historically trended closely together, the past 2 months of data illustrate a continuous outpacing of the CPI against wage growth.**

⁶ U.S. Bureau of Labor Statistics; [Bureau of Labor Statistics Data \(bls.gov\)](https://www.bls.gov)



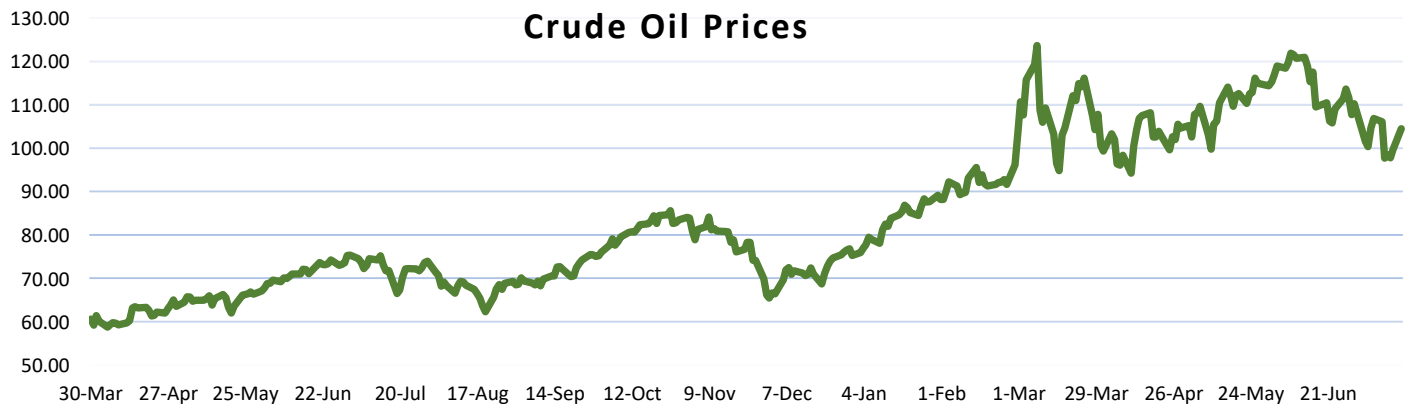
National Metrics

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 2022, the 30-year fixed mortgage interest rate increased to 5.52% from a May 2022 rate of 5.23% with rates expected to continue to rise with anticipated Fed actions⁷.**

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 July pricing has recorded \$104.48, a notable decline from peak pricing⁸.** 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.

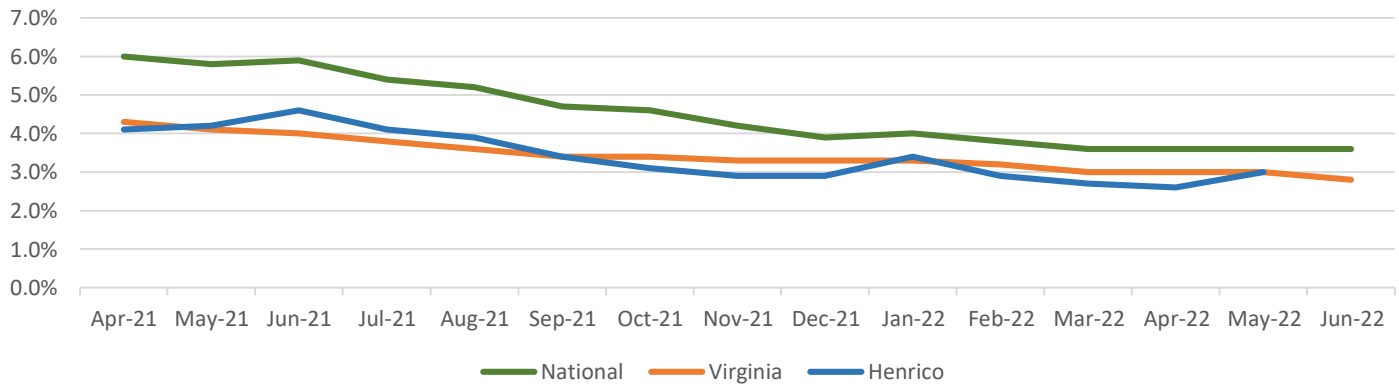
⁷ Freddie Mac; [30-Year Fixed-Rate Mortgages Since 1971 - Freddie Mac](#)

⁸ Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/DCOILWTIC0>



Combined Metrics

Unemployment Rates



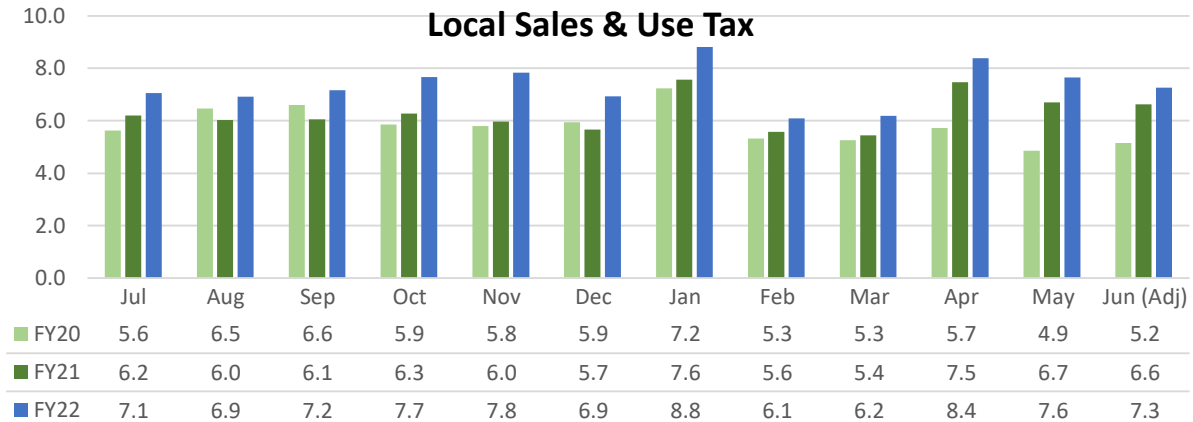
The **Unemployment Rate** shows the number of unemployed people as a percentage of the workforce. Known as the U-3 unemployment rate, an individual must be actively seeking work or laid off to be included. State unemployment data lags roughly six weeks while local unemployment data lags 9 weeks. **At the National level the unemployment rate remained flat at 3.6% in June, while at the State level rates declined from 3.0% to 2.8%⁹. In Henrico, the unemployment rate rose 0.4% in May to 3.0%. Historically, Henrico unemployment rates have trended closely with the National and State levels.**

⁹ US Bureau of Labor Statistics; <https://data.bls.gov/lausmap/showMap.jsp>

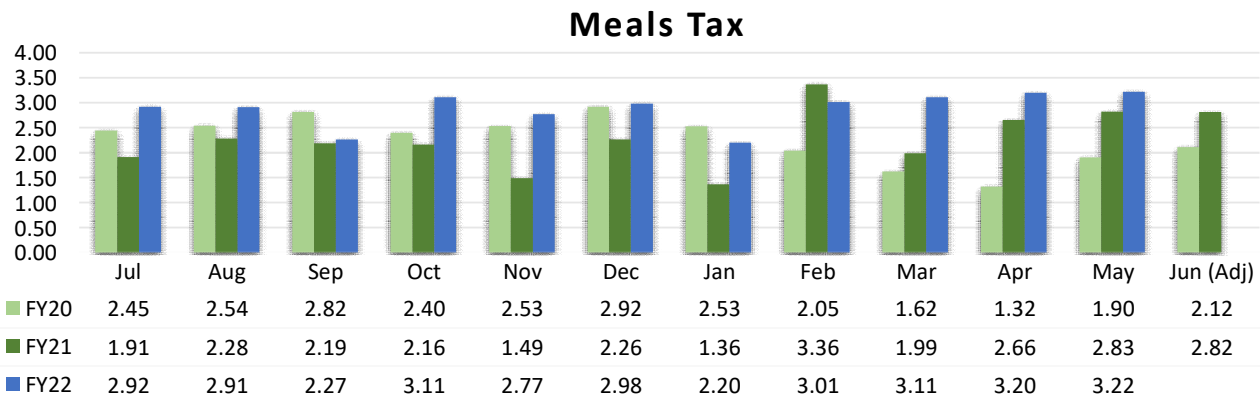


Virginia & Henrico Metrics

Henrico Metrics



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. **June data brings fiscal year-to-date collections to \$88.0 million, 26.7% higher than FY21¹⁰.**



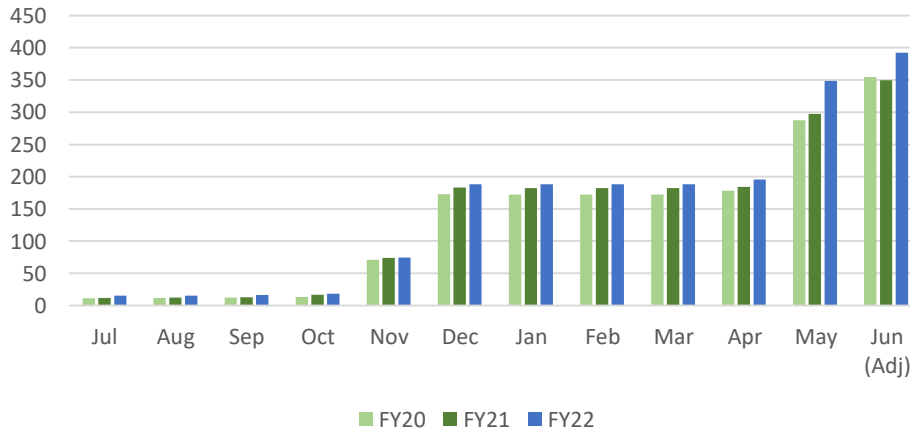
Henrico's **Meals Tax** provides a 4% tax revenue on prepared food and beverages. Revenue generated by the Meals Tax is dedicated to the operational and capital project needs of Henrico's Public Schools. Collections are backdated two months and compared as year-over-year monthly collections. **May FY22 collections at \$3.22 million increased compared to April collections at \$3.20 million and led all monthly collections this fiscal year.** Fiscal year to date collections continue to exceed pre-pandemic levels.

¹⁰ Henrico County Office of Budget and Management (OMB); All subsequent data is courtesy of the Henrico County OMB unless denoted otherwise



Henrico Metrics

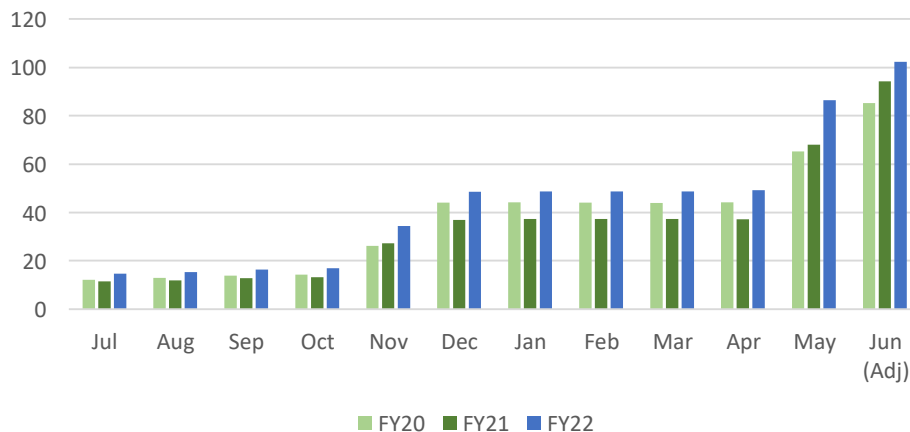
Real Property Taxes
(\$ Millions)



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 June 2022 are 10.7% above June 2020.**

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)



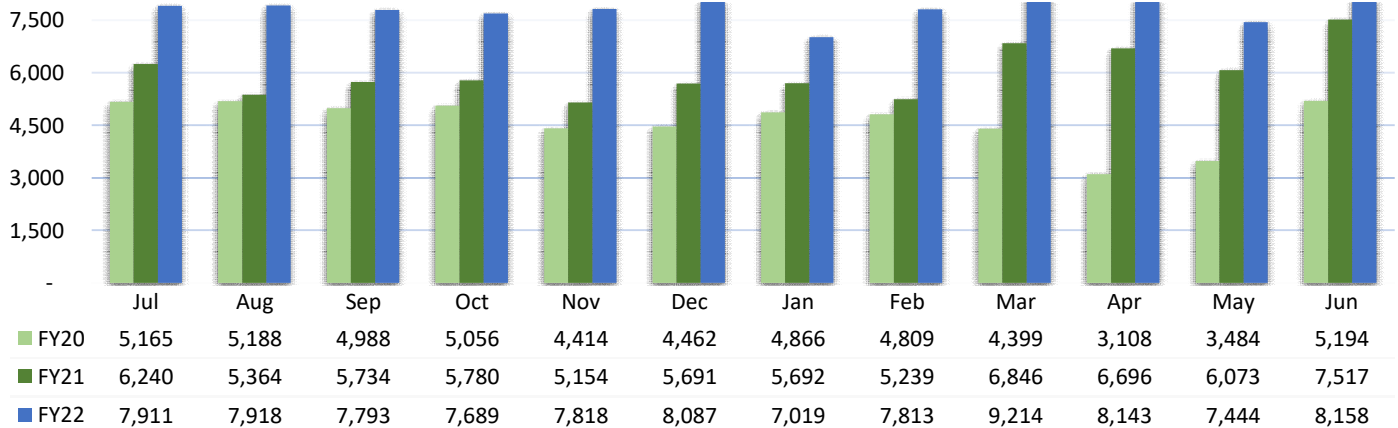
Personal Property Taxes are collected on all vehicles including cars, trucks, trailers, motorcycles, motor homes, aircraft, and watercraft. Personal property is collected in the locality where it is normally garaged, docked, or parked. Henrico County uses the J.D. Power Official Used Car Guide as of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

June 2022 are 20.1% above June 2020. 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.

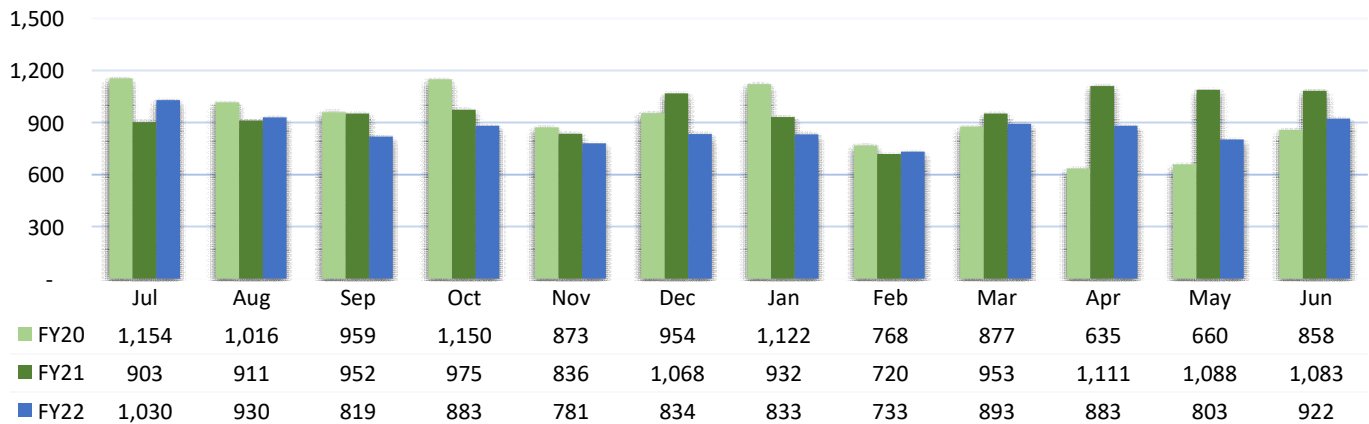


Henrico Metrics

Used Car Registration



New Car Registration

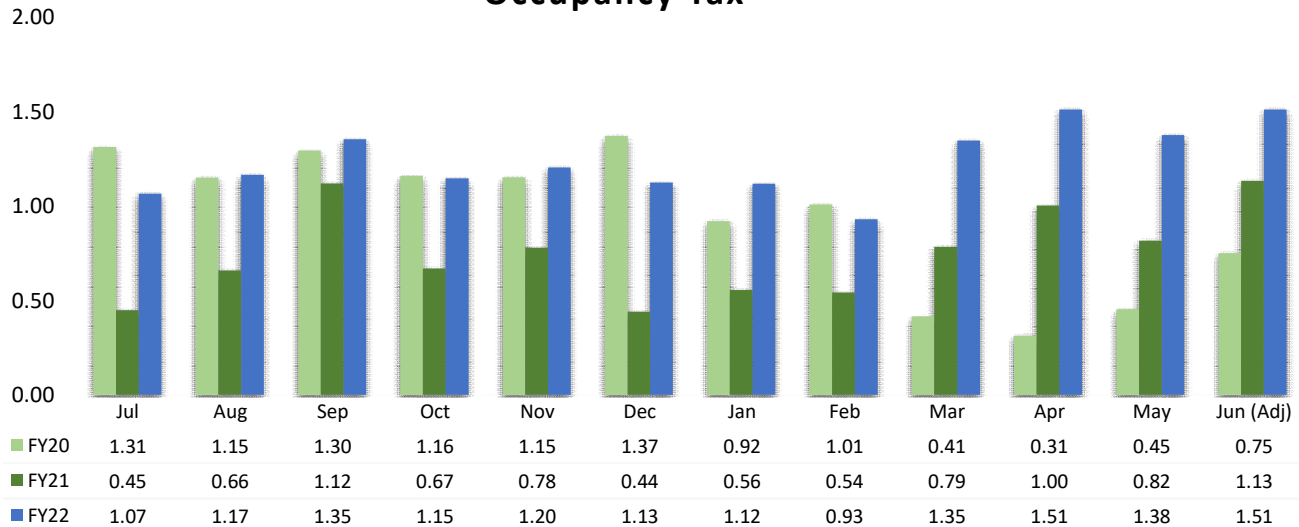


Vehicle Registration data is acquired from the Virginia Department of Transportation and is comprised of both new and used vehicles; the metric strongly correlates to vehicle sales. **New Car Registrations lag prior fiscal year to date by 1,188 vehicles.** June recorded 922 new car registrations, up 119 vehicles from May values, and for the tenth month in a row below the prior year. Supply chain issues contribute to these results, and due to shortages in new car supply, the demand has shifted to the used car market. **Used Car Registrations remained strong in FY22.** June FY22 registrations are 8.5% higher than registrations in June FY21 and 31.9% higher in fiscal year to date.



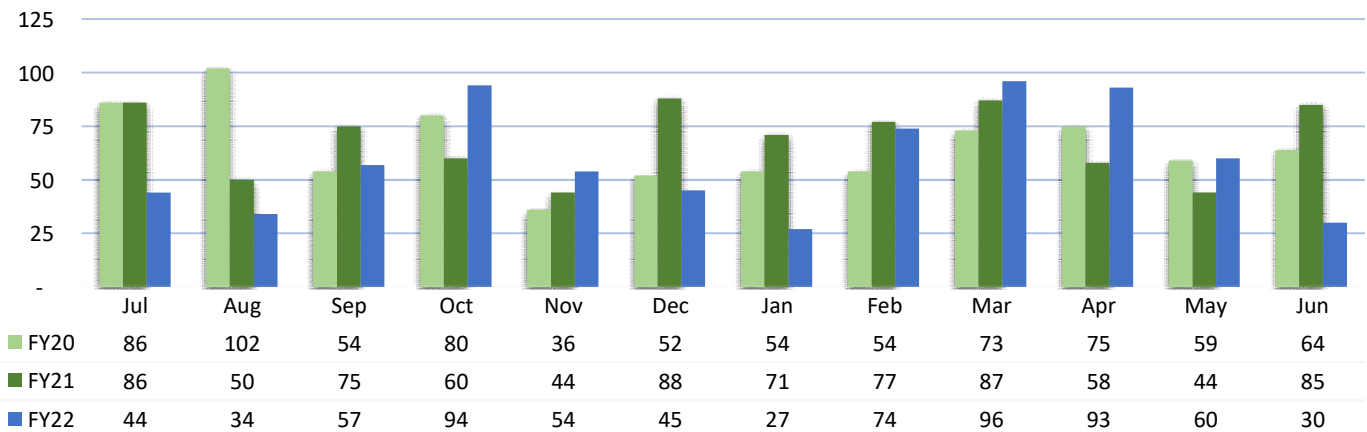
Henrico Metrics

Occupancy Tax



Henrico's **Occupancy Tax** is collected on lodging for overnight stays. **Occupancy Tax** collections in June remained strong at \$1.51 million. Fiscal year to date collections have edged past FY20 and now lead by 31.5%, reflecting an improving sector performing at pre-pandemic levels.

New Residential Construction

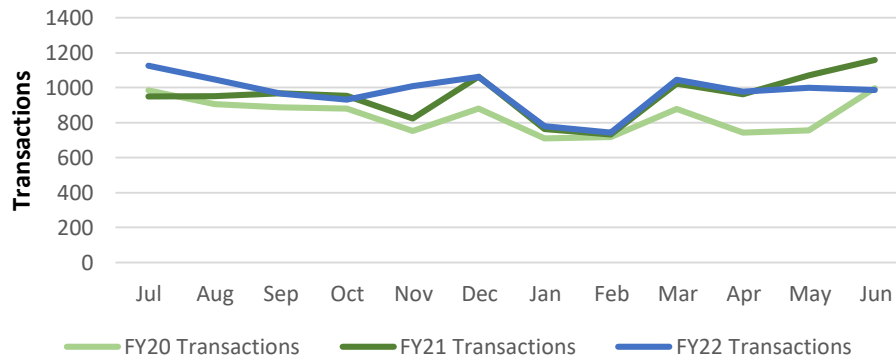


New Residential Construction is comprised of new single-family houses that were issued building permits. A slowdown may indicate worsening economic conditions, increased competition from neighboring localities, or a lack of expansion capabilities. 30 construction permits were issued in June, down 30 from May. **Fiscal year to date permits lag FY21 by 14.2%; this data continues to illustrate the cyclical nature of the permit process.**



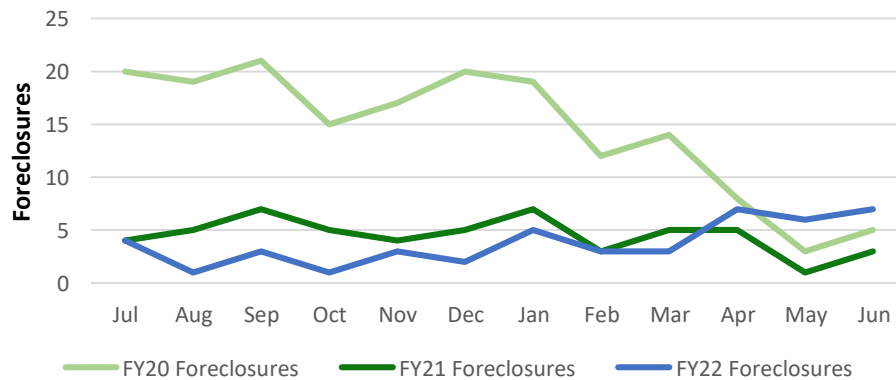
Henrico Metrics

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 represent a healthy and growing market. **FY22 transactions exceeded FY20 by 15.7%, illustrating the continued effects of a strong housing market, though 3 months of slowing performance between April through June may indicate an eventual normalization.**

Residential Foreclosures

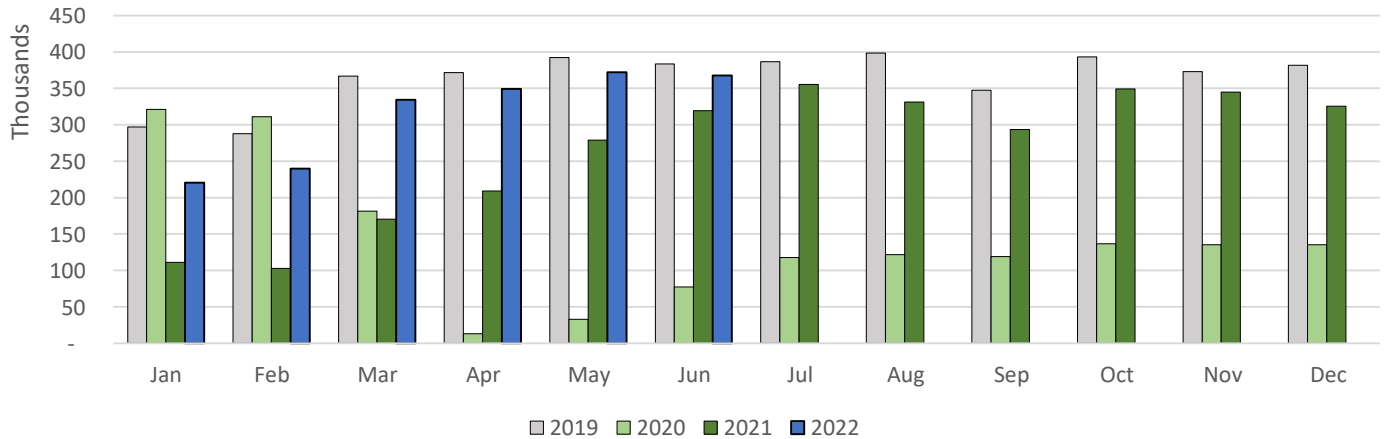


Foreclosure numbers remain stable at approximately 4 per month, with 7 foreclosures in June. **Total foreclosures remain low.**



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. COVID-19 has severely affected air travel around the country both domestically and internationally. Air travel has seen a continuous recovery, with notable growth resuming in March 2021. **June 2022 demonstrated a continued solid level of air travel serving 367,807 passengers. This metric reflects a 15.2% increase from June 2021¹¹. While slightly below May, June’s results show significant improvement when compared to either of the last two calendar years.**

¹¹ Richmond International Airport; <https://flyrichmond.com/airport-information/>