



Overview and Purpose

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 (FY20-21) and compare it to the current year (FY21-22). Data for FY21-22 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. For sudden shocks, monthly totals may underrepresent dramatic changes but over time present the full change. **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.** Any forward-looking statements are offered for context of the specific indicator and should not be relied upon for investment decisions.

OMB Summary

The economic indicators assessed paint the picture of a healthy and stable economy steadily nearing, and in some cases exceeding, pre-pandemic performance levels. National performance indexes like the S&P 500 and Consumer Confidence Index have demonstrated steady growth over fiscal year 2021 with no indication of slowing. Within the county, the month of June saw a significant drop off in continued unemployment rates, a promising indicator of an economy operating near its maximum potential. June 2021 yielded the highest used car sales of the fiscal year, as well as the highest occupancy tax collections of the year. Residential transactions had substantial growth over the fiscal year and mortgage rates have seen a corresponding growth, illustrating confidence in Henrico's real estate market. Richmond air travel also continues to make a notable recovery. The metrics assessed encourage a prosperous fiscal year 2022.

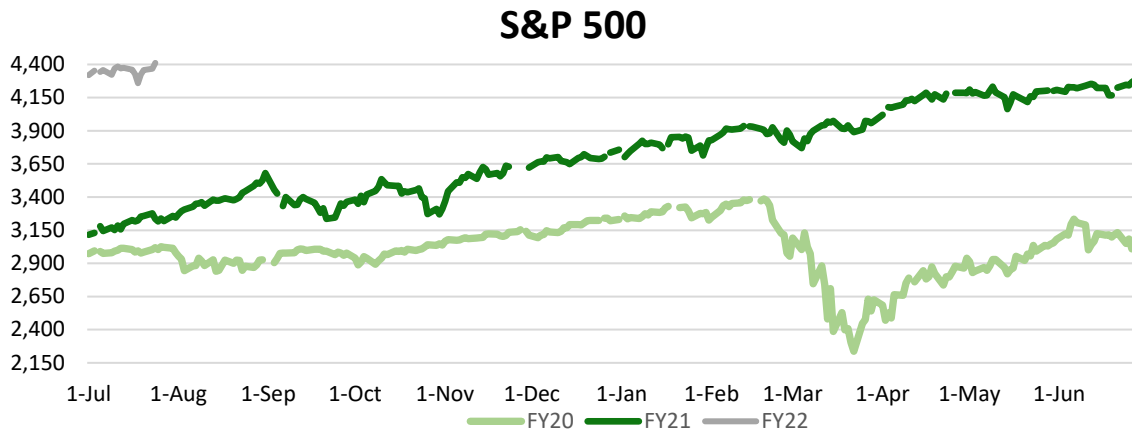
Metrics Considered

- **National:** S&P 500, Consumer Confidence Index, Weekly Economic Index, Consumer Price Index, Mortgage rate
- **Virginia:** Unemployment Rate, Initial Unemployment Claims
- **Henrico:** Continued Unemployment Claims, Real & Personal Property Taxes, Local Sales & Use Tax, Meals Tax, Vehicle Registrations, Occupancy Tax, New Residential Construction, Residential Transactions & Foreclosures
- **Area:** Richmond Aviation Activity



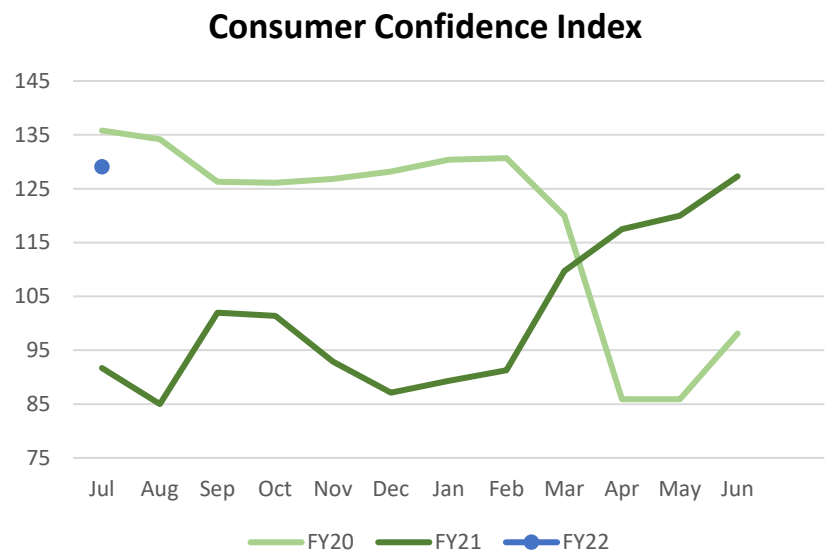
National Metrics

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.



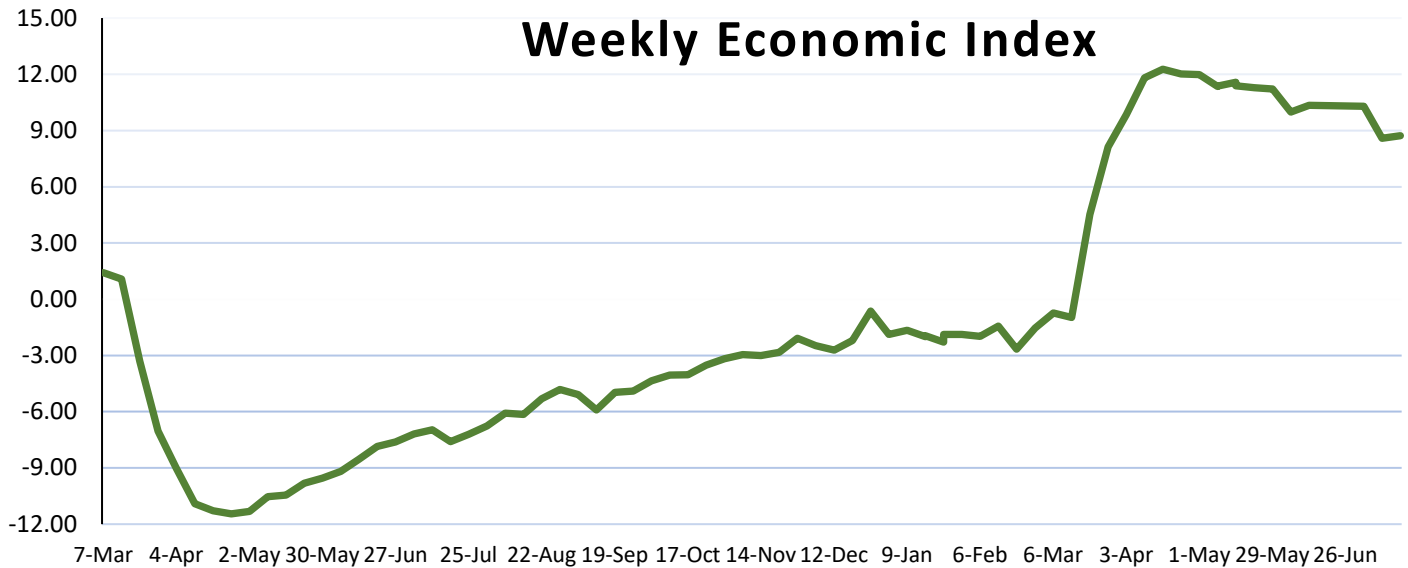
The S&P 500 is a stock market index measuring the performance of 500 large companies on stock exchanges in the United States and is considered one of the best representations of the U.S. stock market and the U.S. economy. **The S&P 500 has continued its sustained pattern of growth, crossing 4,400 in July 2021 after a multi-month stretch around 4,200. This suggests that the index's steady growth is yet to plateau and may continue to rise in the months to come, an effect of a healthy economy.** Levels remain well above the decline experienced between March and May 2020 and are consistent with the general upward trend experienced pre-pandemic. While these returns illustrate promising economic health, the dramatic growth experienced in recent months could warrant further monitoring.

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 improved for the fifth straight month to 129.1 in July, up from 127 in May, and significantly up from 92, where the index stood in July of FY21.**





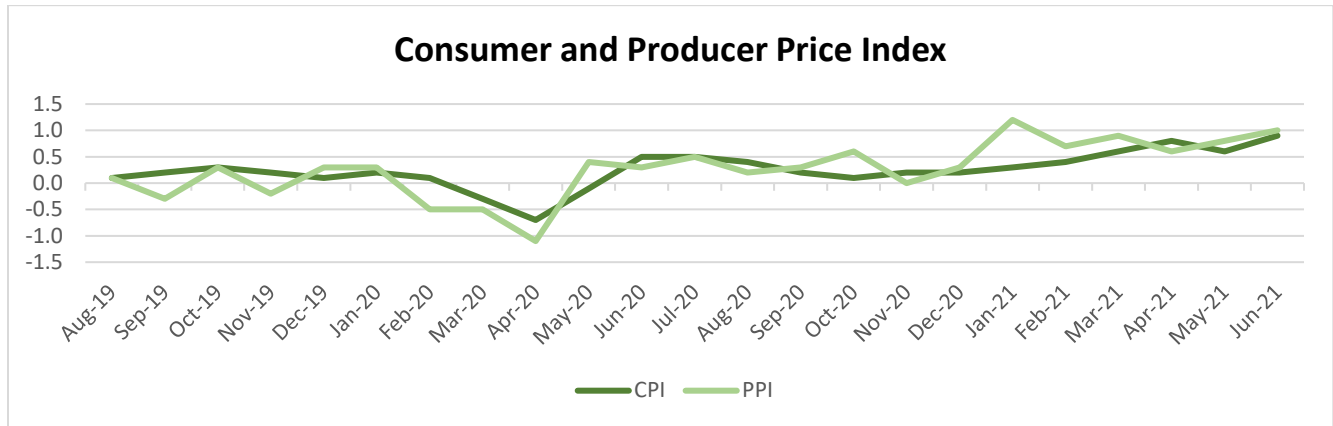
National Metrics



The Weekly Economic Index provides an indication of real economic activity on a weekly basis and covers consumer behavior, the general labor market, and production. The index has averaged between 2 and 3 for much of the last decade. Exceptions include the great recession from 2008 - 2009 and the minor pullback in 2015, and the current pandemic. When the country first quarantined in response to the COVID-19 pandemic, this index dropped 409% between the week beginning March 14 and March 21, 2020. The index reached a low of -11.45 for the week of April 25, 2020, before starting to recover. **Current record high values are the indication of an economy improved over the impacts from the prior year.** Since the trough experienced last April, the index has seen a consistent upward trend reflective of the re-opening of the economy. Continued vaccination efforts and easing COVID-19 restrictions may positively influence this measure over the next several months before eventually returning to the historic levels of 2 to 3. **In June 2021 the index began to drop as year to year changes in economic activity begins to level out.**

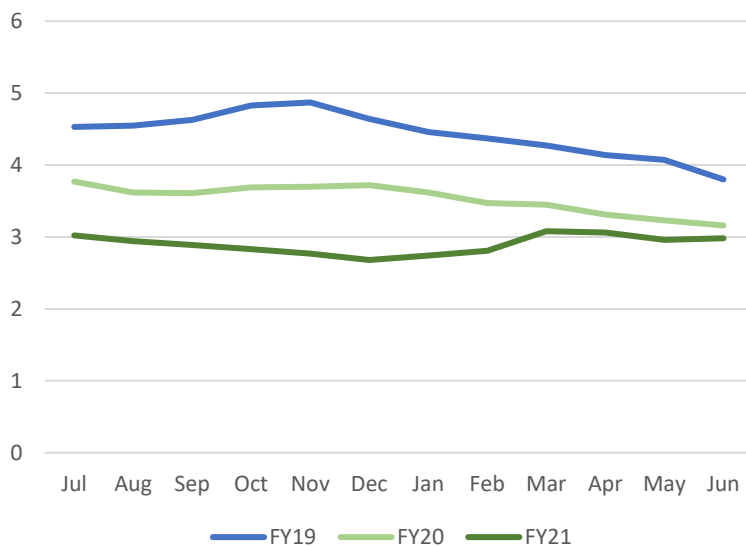


National Metrics



The consumer and producer price indexes measure the change of prices for a variety of goods and services over time, and acts as an indicator of inflation. These indexes are measured against each other in the accompanying graph to provide insight into developing economic trends. Wide gaps between the two indexes illustrate an imbalance between supply and demand; in a healthy functioning economy, these indexes will gradually correct themselves and achieve an equilibrium. **In June 2021 the indexes continued their upwards sloping trajectory and grew closer towards an equilibrium, indicating relative economic stability.** The CPI saw an increase of 0.3 over May while the PPI had a growth of 0.2.

30 Year Fixed Mortgage Rates

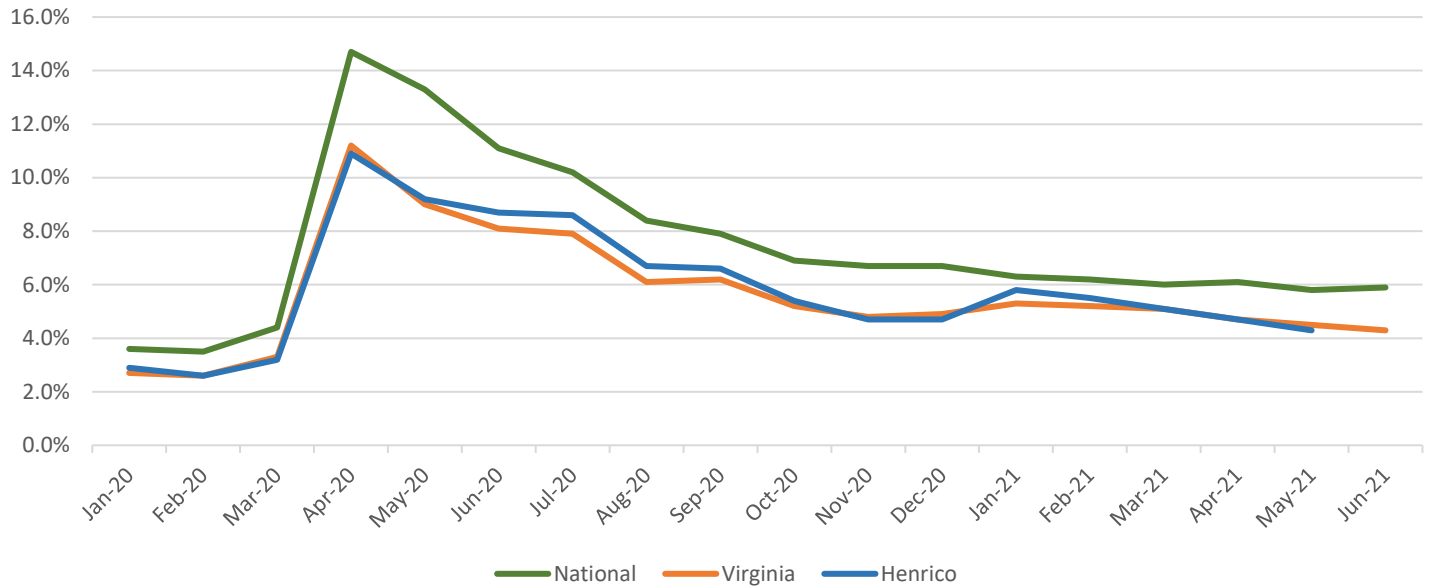


The 30-year fixed rate mortgage is the most common financing mechanism used by residential home buyers. The interest rate represents the amount a qualified borrower will be charged by a lender for the use of assets over the loan term. The annual percentage rate of these loans include interest, fees, and expenses associated with taking out the loans. **In June 2021 the 30-year fixed mortgage interest rate rose from 2.96% to 2.98%; This sits above the 12-month average of 2.90%. Rising mortgage rates indicate confidence in the homeowner’s ability to pay and are generally an effect of economic stability.**



Combined Metrics

Unemployment Rates

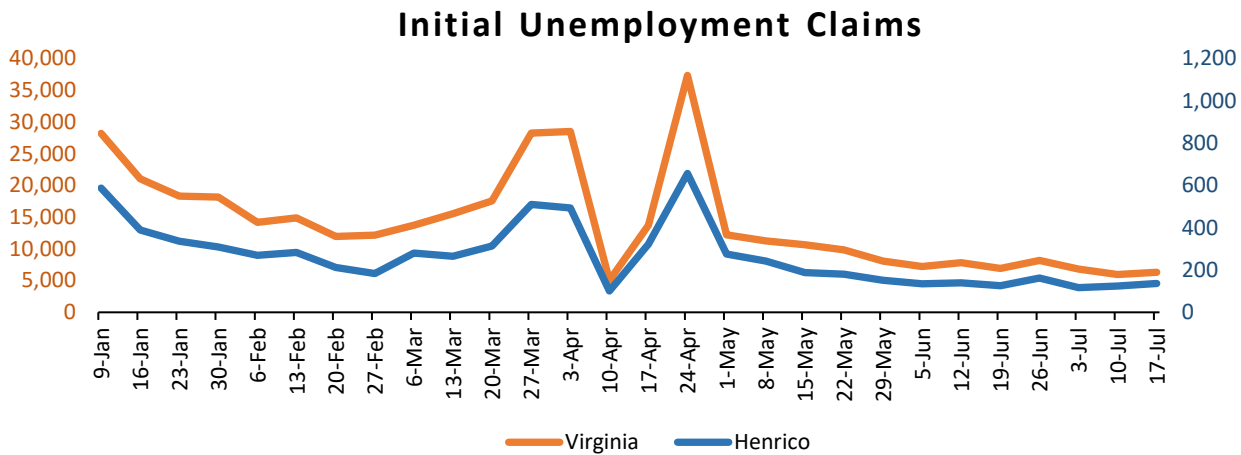


The **Unemployment Rate** shows the number of unemployed people as a percentage of the workforce. Known as the U-3 unemployment rate, an individual must be actively seeking work or laid off to be included. State unemployment data lags roughly six weeks while local unemployment data lags 9 weeks. Note: The most recent data available for State and Local rates are preliminary and may slightly change in future reports.

Unemployment rates for both Virginia and Henrico have decreased over the past month. Virginia rates have steadily decreased to 4.3% (down from 4.5% in May,) while Henrico rates have declined to 4.3% (down from 4.7% in April). As shown above, in FY21, Henrico County and the Commonwealth of Virginia had largely equivalent unemployment rates, both below the national average. **Initial and continuing unemployment claims data indicate improvement for Virginia and Henrico.** 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.

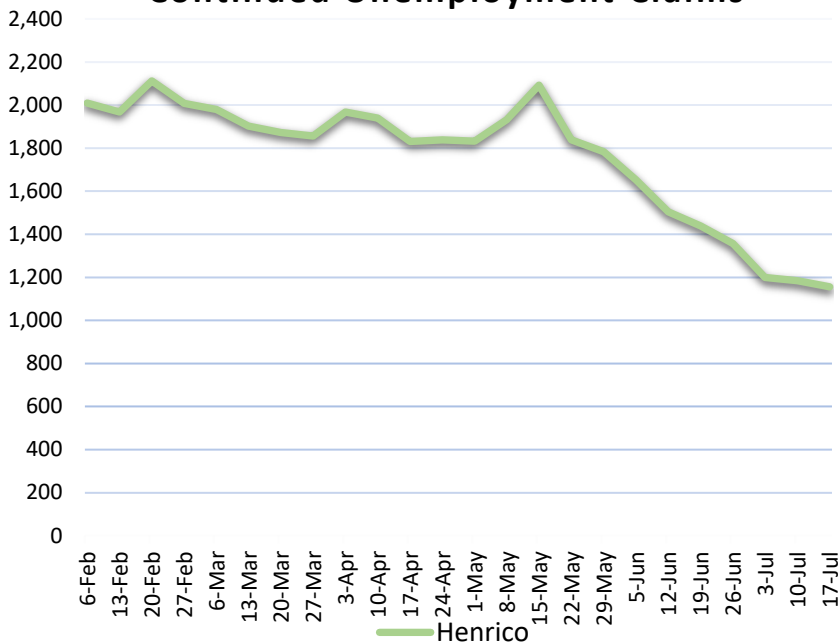


Virginia & Henrico Metrics



Initial Unemployment Claims act as a measure of recent job loss. Claims remained steady prior to March of 2020 at under 100 for Henrico and under 3,000 for Virginia. Unlike the Great Recession, COVID-19’s effect on the local economy were immediately apparent and in-line with national figures. Virginia and Henrico initial unemployment claims continue to experience volatility amid gradual improvement. **As of the week ending July 17, state claims are down to 6,304 (from 7,849 on June 12th) while Henrico claims are down to 136 (from 139 on June 12th).** Henrico rates are 12.7% of those of July 2020 and Virginia rates are 16.6% of the same period. Claims continue to move closer to pre-pandemic levels, showing continued economic health.

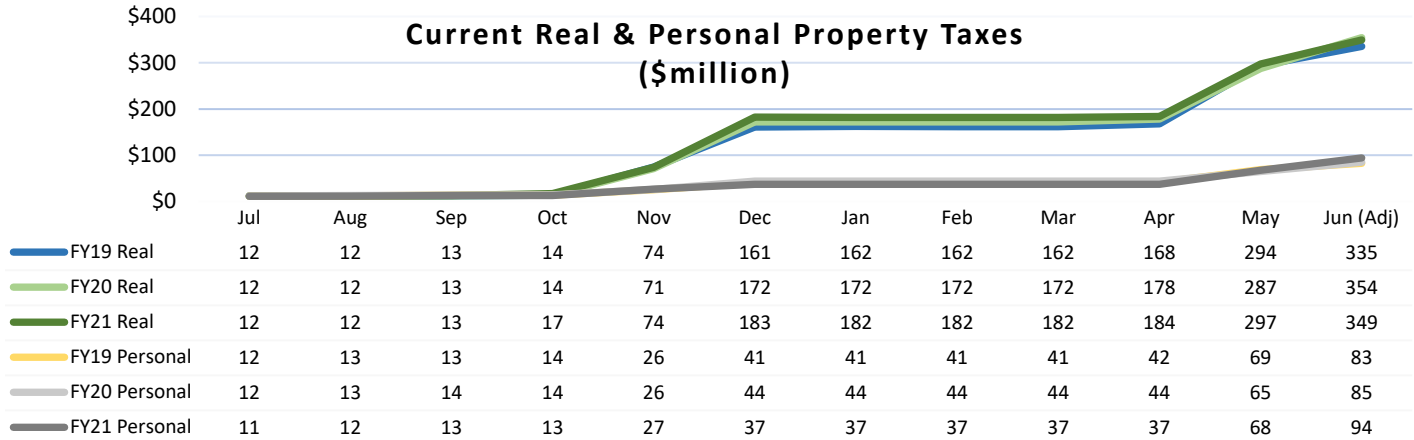
Continued Unemployment Claims



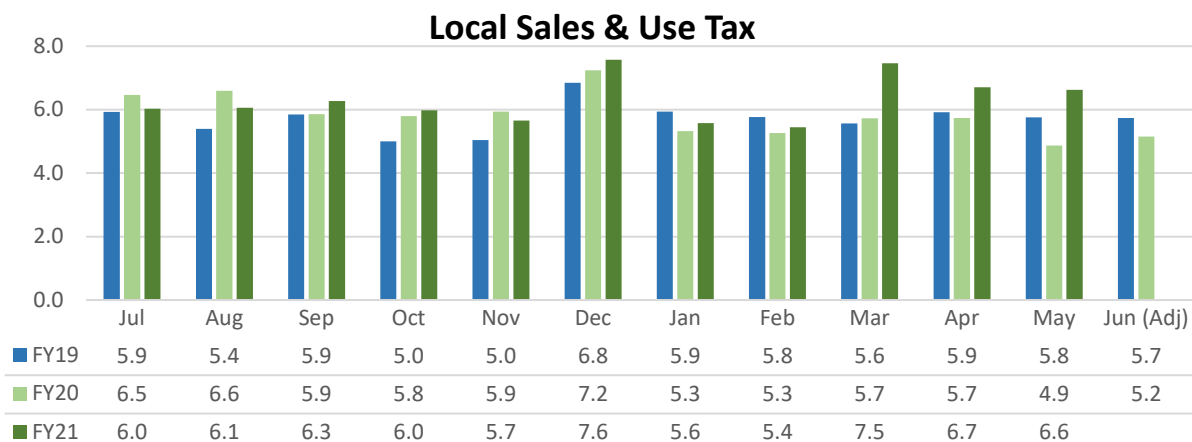
Henrico’s Continued Unemployment Claims reflects the number of individuals that have continued to file a claim after their initial claim. It reflects the lower bound for an unemployment rate. Claims remained steady prior to March of 2020 at about 800 per week and peaked at 16,005 at the end of May 2020. **As of July 17th, claims are down to 1,156. While 52.7% above pre-pandemic levels, this is a significant drop off from months prior and indicates a very strong recovery.**



Henrico Metrics



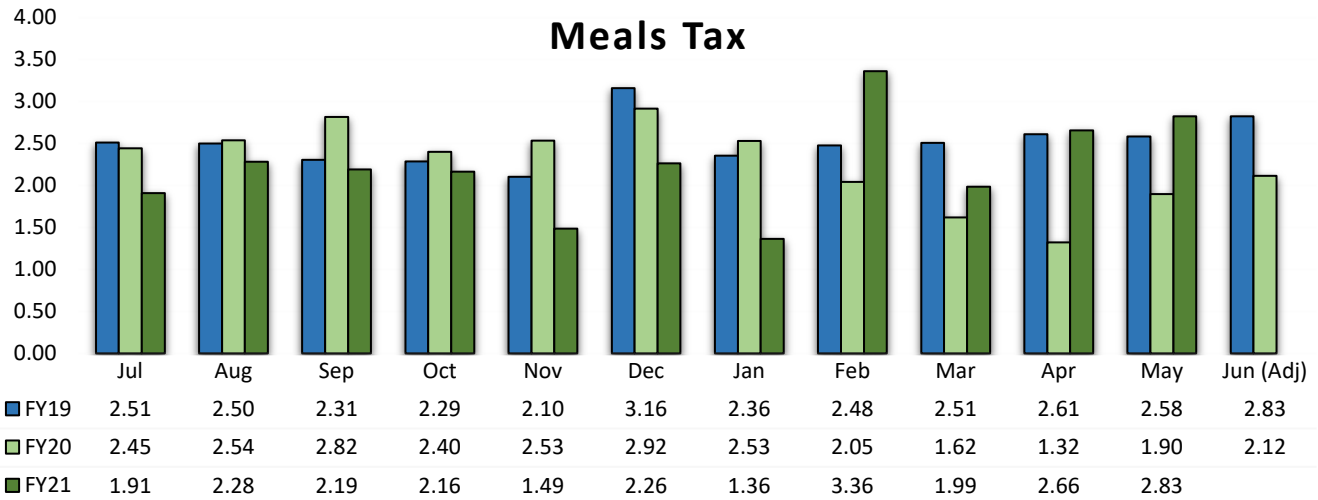
Current Property Taxes include total tax collection for both Real Property and Personal Property. Collections occur twice a year in December and June. **Property Tax collections for the month of June 2021 trended above both FY20 and FY19.**



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. **May collections continue to show significant growth with current collections 1.8% above May 2020 and 0.9% above May 2019. FYTD amounts are 4.6% above FY20 and 6.4% above FY19, indicating a strong tax base.**



Henrico Metrics

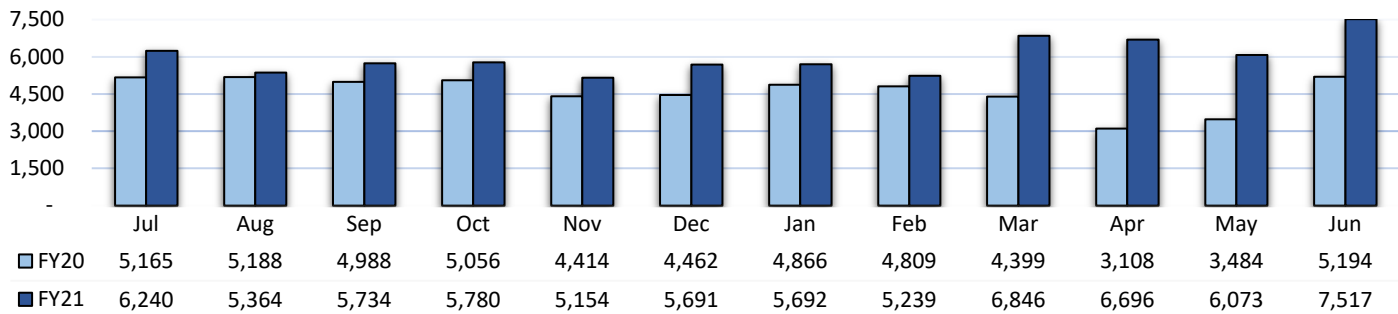


Henrico’s Meals Tax provides a 4% tax revenue on prepared food and beverages. Revenue generated by the Meals Tax is dedicated to the operational and capital project needs of Henrico’s Public Schools. Collections are backdated two months and compared as year-over-year monthly collections. **Collections increased in May from April and exceed FY19 and FY20 collections. Fiscal year to date collections still lag FY20 by 0.57% and FY19 by 2.92%, but are approaching pre-pandemic levels.**

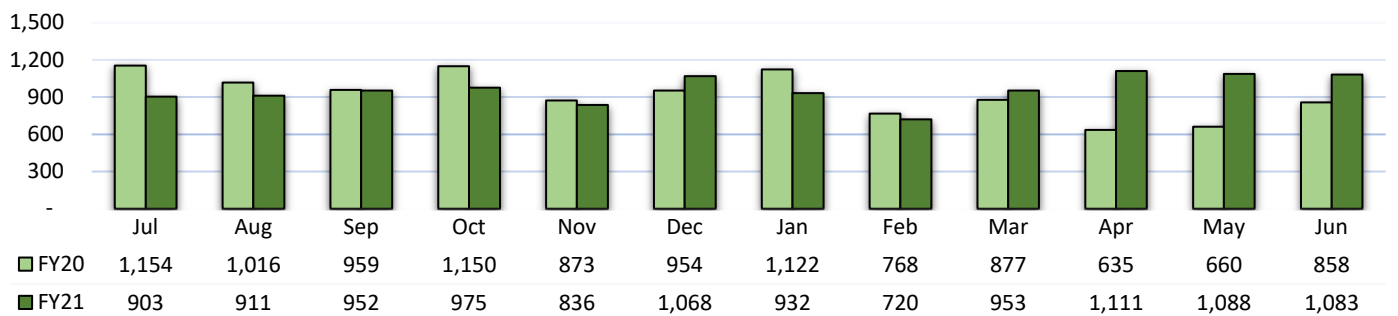


Henrico Metrics

Used Car Registration



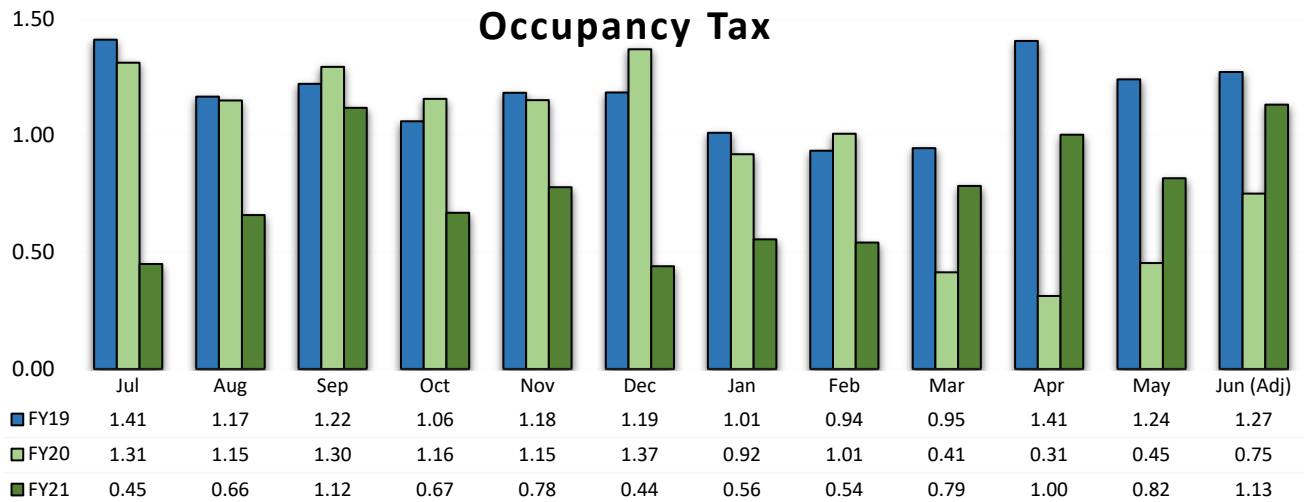
New Car Registration



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. **FY21 used car registrations have grown 30.6% over FY20. New car registrations for FY21 grew 4.6% over FY20. June 2021 had the highest used car sales of the year, and reinforces the picture of a recovered, healthy economy.**

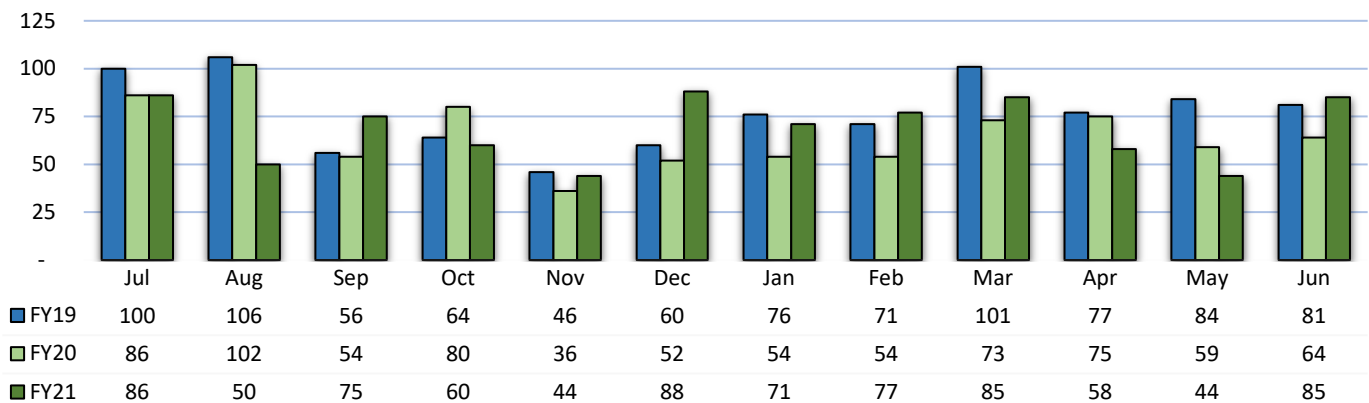


Henrico Metrics



Henrico’s **Occupancy Tax** is collected on lodging for overnight stays. **Occupancy Tax collections in June were the highest of the fiscal year and represent a 38.6% increase from May. Fiscal year end projections indicate collections were 63.7% of FY19 collections and 79.22% of FY20 collections.** As vaccination levels continue to increase, it is expected that travel will also increase and produce a corresponding stabilization in these revenues.

New Residential Construction

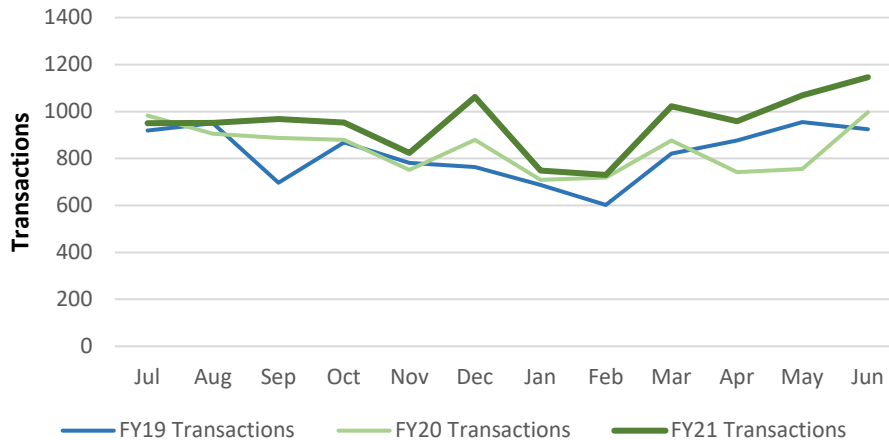


New Residential Construction is comprised of new single-family houses that were issued building permits. A slowdown may indicate worsening economic conditions, increased competition from neighboring localities, or lack of expansion capabilities. **Construction permits saw a healthy growth over June 2021, demonstrating a 93.2% growth from May 2021. FY21 permits exceeded FY20 permits by 4.3%; increased residential construction has promising implications for the future strength of the County’s local economy.**



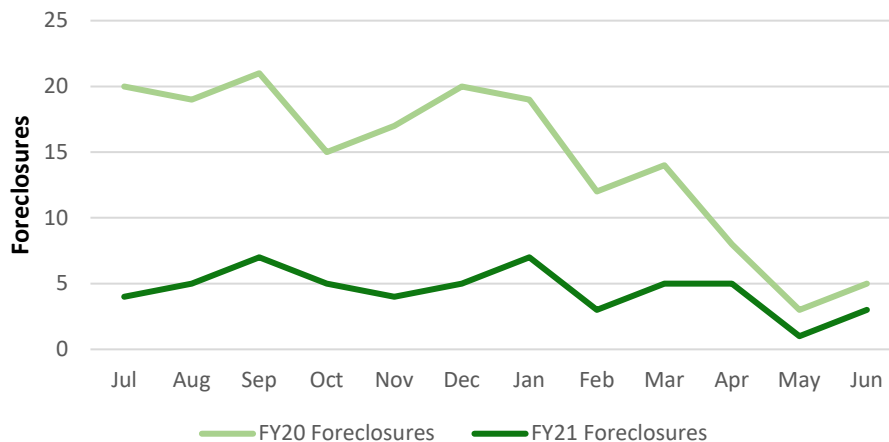
Henrico Metrics

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 or increases in transactions represent a healthy and growing market. Consistency or decline in foreclosures also represents a stable and improving market. **FY21 residential sales exceed FY20 by 12.9% and FY19 by 15.6%, illustrating the endurance of a booming housing market.**

Residential Foreclosures

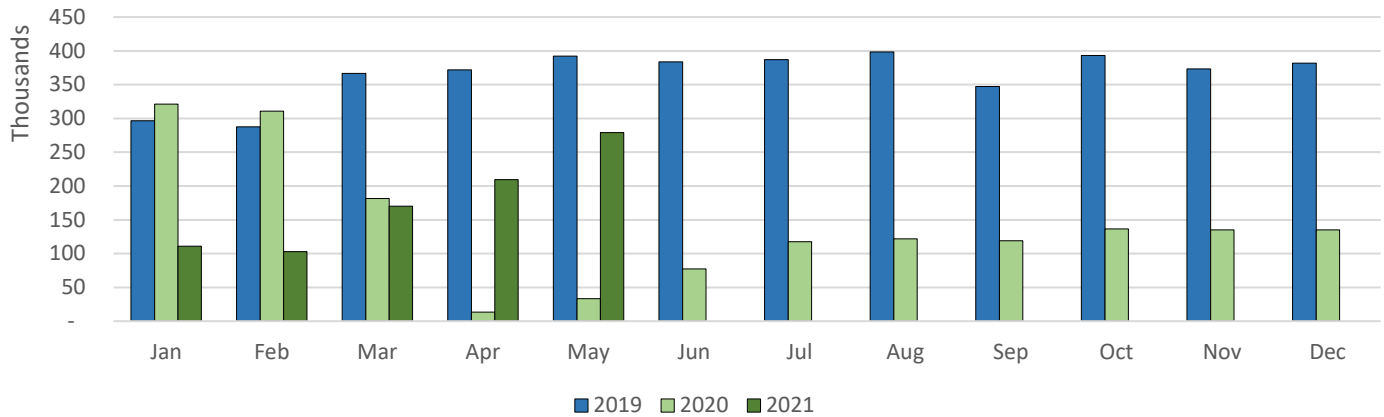


FY21 Foreclosure numbers remain stable at approximately 5 per month. **Total foreclosures remain low due in part to a continuing mortgage foreclosure freeze which ended June 30, 2021.** The freeze applies to Fannie Mae, Freddie Mac, and FHA loans that account for about half of mortgage loans in the United States.



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. **May 2021 brought a continued rise in air travel, up to 278,842 passengers, a 33.15% increase from April's numbers. While this sits at just 71% of May 2019's numbers, there is a visible trend upwards that is expected to continue into June, assuming sustained improvements across the country.**