



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 (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 month of June yielded generally positive results across numerous measures, closely in line with those of May. The S&P 500 continued May's upward growth, gaining nearly 200 points in June. The Consumer Confidence Index also experienced a sizeable jump, with consumer sentiment landing at a level not seen since a year and a half prior. Wage growth outpaced CPI growth by 0.2%, a positive outcome for consumer buying power, and unemployment rates remain low across the Nation, State, and County. Following ordinary seasonal trends, the housing market has showed signs of increased interest recently, with the median sales price of the County growing from \$350,000 to \$380,000, average days on market dropping from 22 to 14, and the average 30-year fixed mortgage rate increasing from 6.4% to 6.7%. In May, Richmond Aviation Activity saw its highest number of recorded travelers since before tracking of this data began, signifying a far cry from the inappreciable amount of travel just over two years prior. Tax collections continue to remain strong across all observed segments, including the highest recorded Occupancy Tax collections to date.

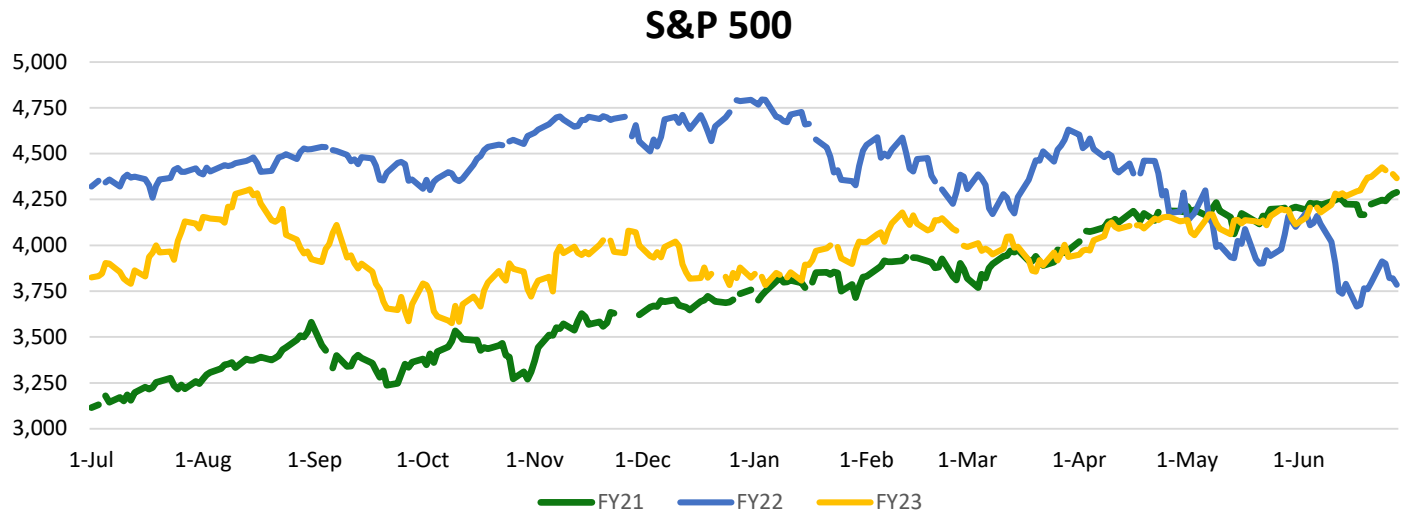
Metrics Considered

- **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

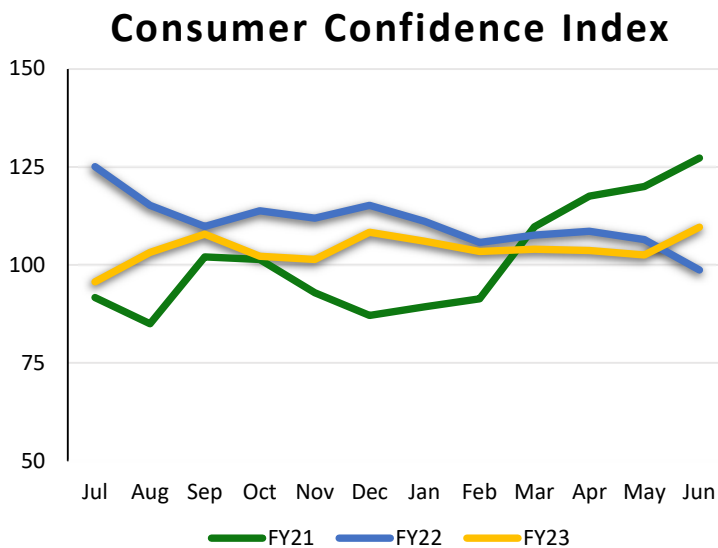


National Metrics

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 rose quite a bit throughout June, gaining approximately 199 points over the close of May¹. This marked a new high last seen in April 2022.**



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 June the index increased substantially from 102.5 to 109.7, exhibiting a level of optimism not witnessed since January 2022. Consumers cited positive expectations for future business and employment conditions².**

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

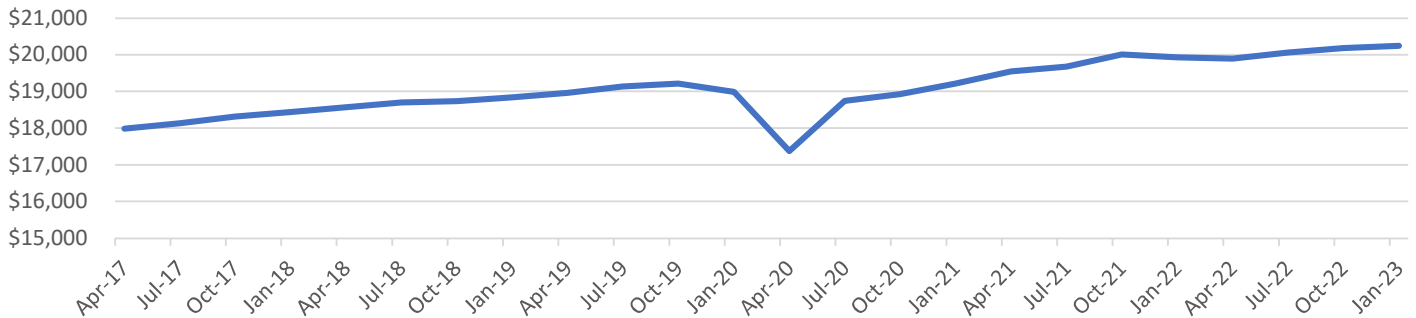
² The Conference Board; [US Consumer Confidence \(conference-board.org\)](https://www.conference-board.org/US-Consumer-Confidence)



National Metrics

Real GDP (\$B)

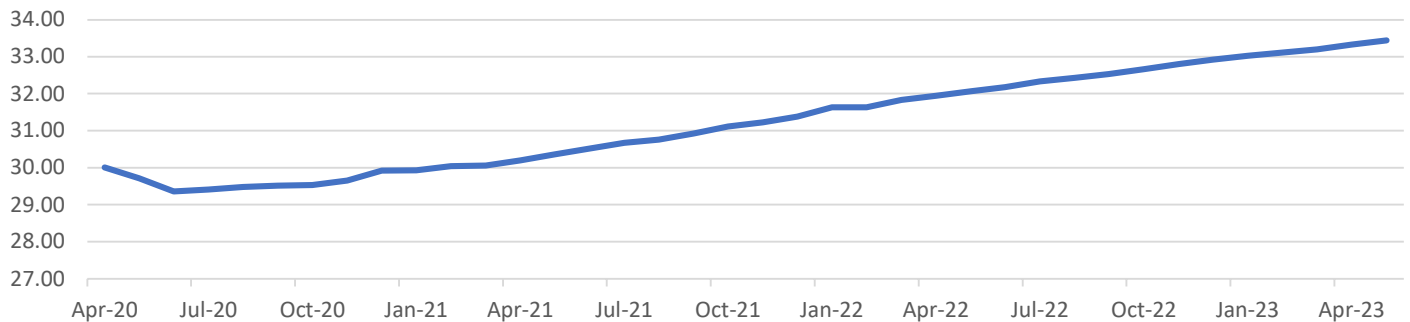
Seasonally Adjusted



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 first quarter of 2023, real GDP increased by 0.3%³ when compared to Q4 2022, continuing to reverse the decline experienced in the first two quarters of last calendar year.**

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 \$33.44. This rise of \$0.11 from April represents a 0.3% increase⁴.** The last time wages decreased from the prior month was in June 2020 reflecting impacts of the pandemic.

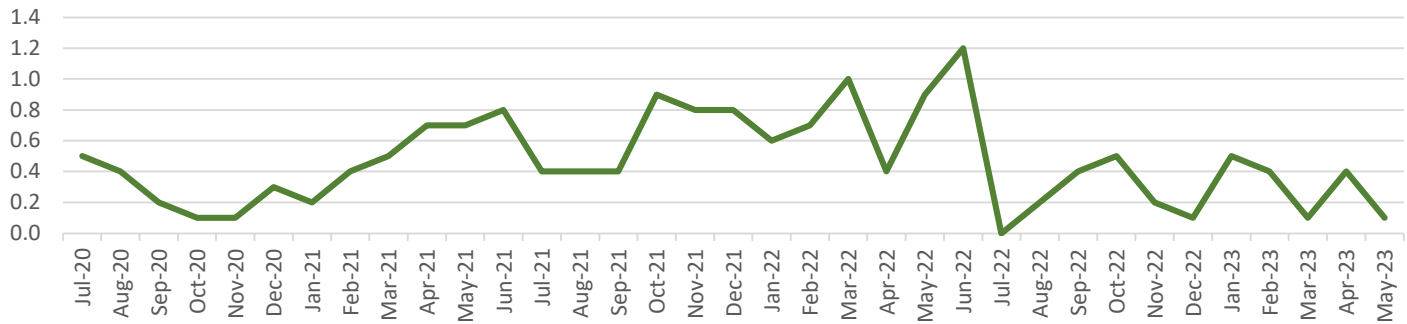
³ Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/GDP>; GDP data is published quarterly.

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



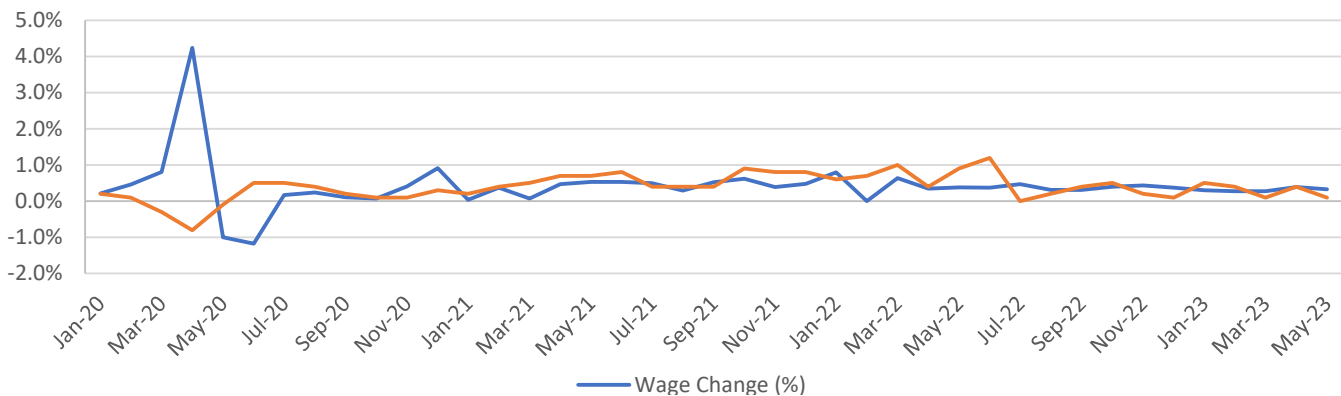
National Metrics

Consumer Price Index



The **Consumer Price Index** 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 2023, the consumer price index rose by 0.1%⁵.** The current 12-month CPI growth is 5.1% (unadjusted) as reported by the Bureau of Labor Statistics. This is 4.1% less than the trailing 12-month average of 9.2%, indicating continued inflation less than that of last year.

Average Hourly Wage Changes against Changes in CPI



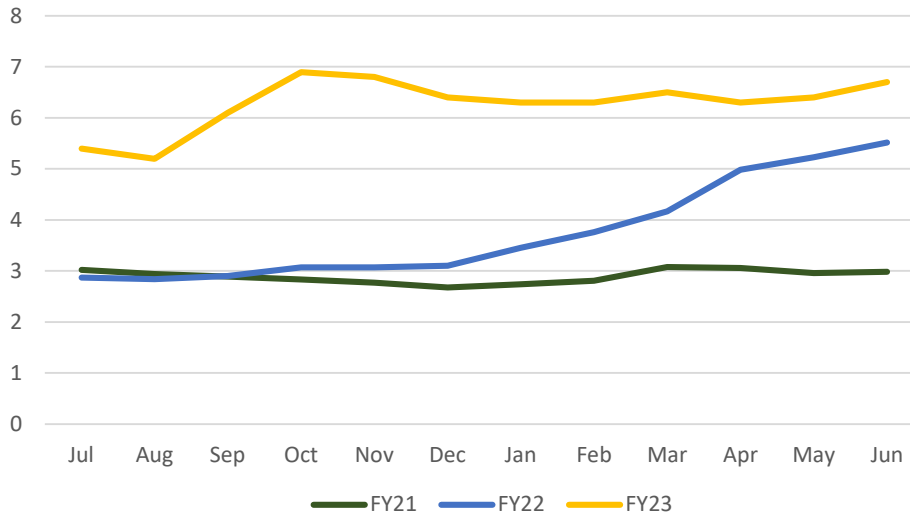
Average Hourly Wage Changes against Changes in the Consumer Price Index analyzes the relationship between national wages and consumer pricing, and more loosely, its affiliate inflation. It should be noted that this graph encompasses month over month changes, with both metrics demonstrating continuous upwards growth over the past 2 years of recorded data. **May's monthly wage growth of 0.3% was higher than the CPI's 0.1% growth, 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)



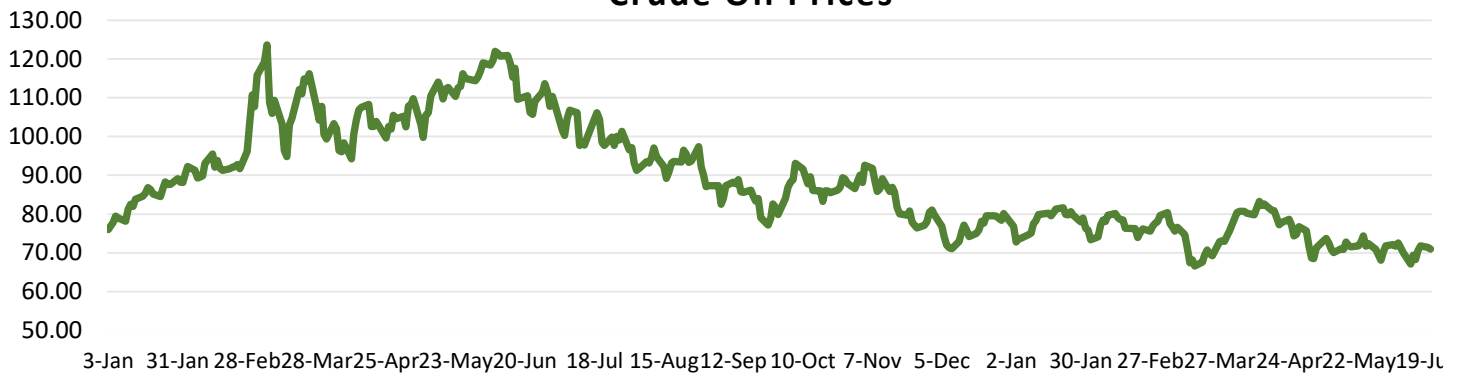
National Metrics

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 2023, the 30-year fixed mortgage interest rate rose marginally from May at 6.7%⁶.** Despite the stabilization seen in recent months, rates continue to stand significantly above recent year averages.

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 June 2023 pricing was recorded at \$70.94, a 42.6% 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.

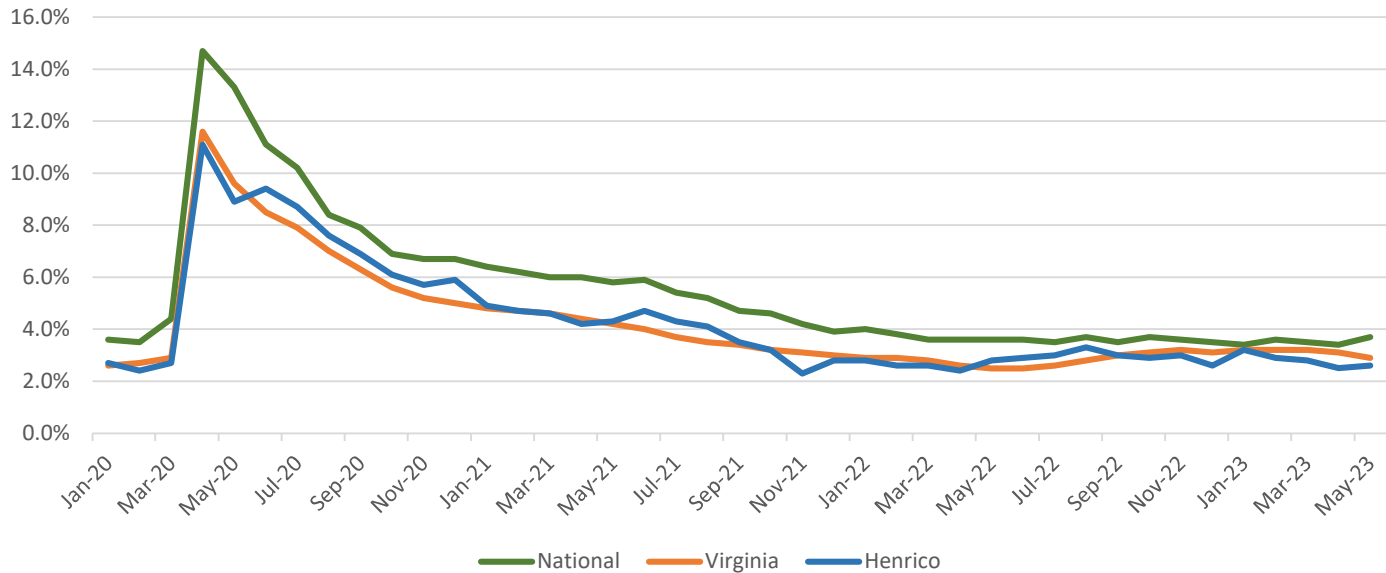
⁶ Freddie Mac; [30-Year Fixed-Rate Mortgages Since 1971 - Freddie Mac](#)

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



Combined Metrics

Unemployment Rates



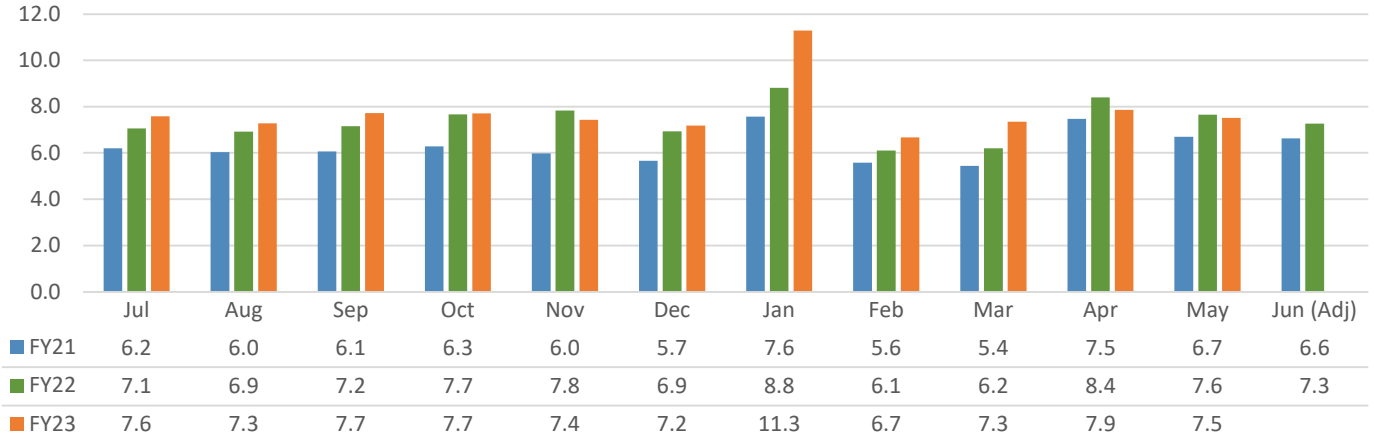
The **Unemployment Rate** shows the number of unemployed people as a percentage of the workforce. Known as the U-3 unemployment rate, an individual must be actively seeking work or laid off to be included. State unemployment data lags roughly six weeks while local unemployment data lags 9 weeks. **In the month of May, the unemployment rate rose 0.3% at the National level, dropped 0.2% at the State level, and rose 0.1% in Henrico⁸.** 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>



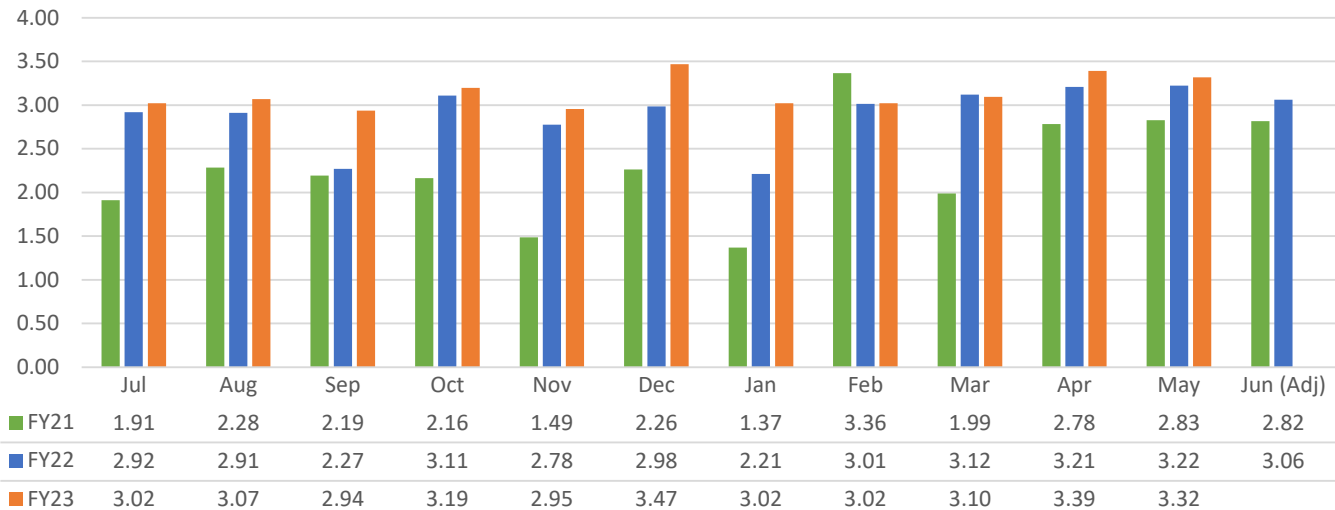
Henrico Metrics

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. **May data recorded collections of \$7.5 million. FY23 year-to-date collections are 6.02% greater than those of FY22.**

Meals Tax

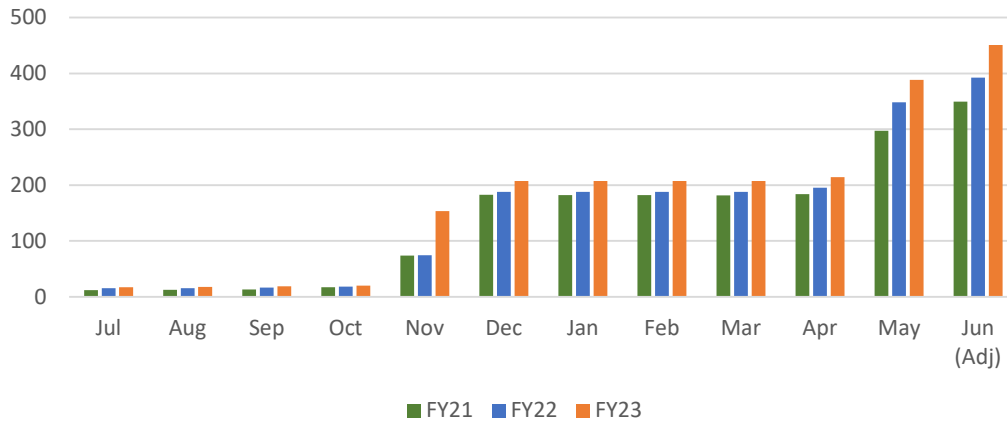


Henrico's **Meals Tax** establishes a 4% tax on prepared food and beverages. Revenue generated by the Meals Tax is dedicated to the operational and capital project needs of Henrico's Public Schools. Collections are backdated two months and compared as year-over-year monthly collections. **May FY23 collections at \$3.32 million represent an increase of \$0.1 million over May FY22 collections.** FY22 collections of \$34.8 million far exceeded pandemic and pre-pandemic levels reflecting an overwhelming resurgence in dining out. FY23 collections are on track to exceed these totals.



Henrico Metrics

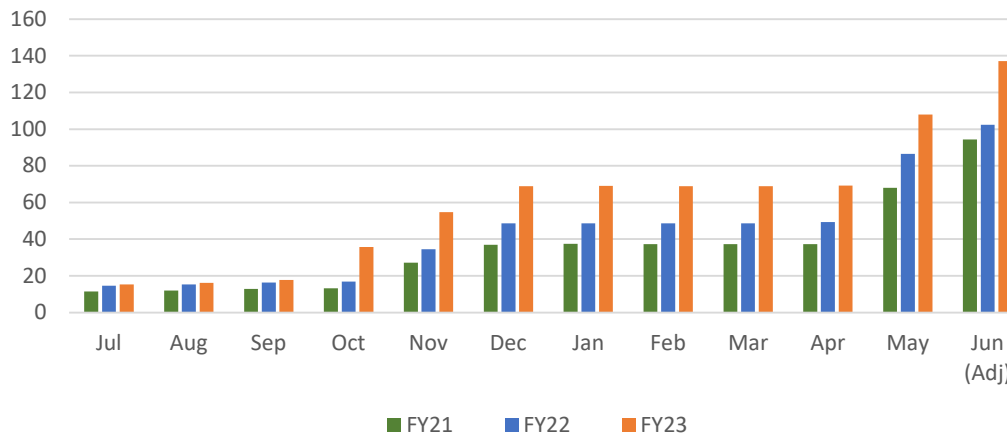
Real Property Taxes
(\$ Millions)



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 FY23 recorded \$451 million; 14.89% higher than FY22.** The graph above represents cumulative collections through the fiscal years.

Personal Property Taxes
(\$ Millions)



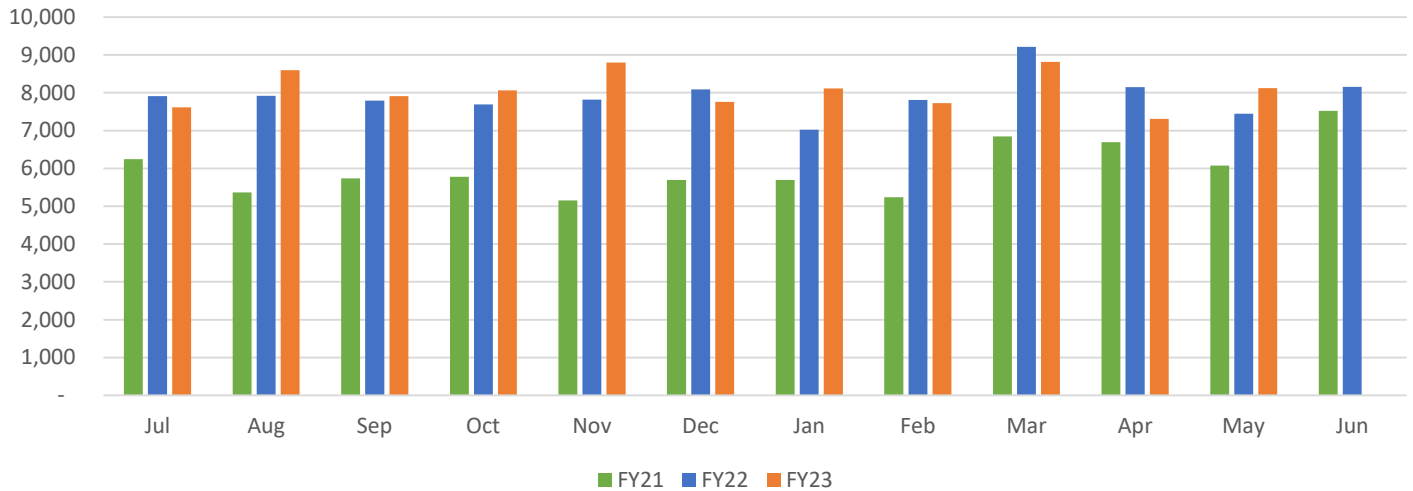
Personal Property Taxes are collected on all vehicles including cars, trucks, trailers, motorcycles, motor homes, aircraft, and watercraft. Personal property is collected in the locality where it is normally garaged, docked, or parked. Henrico County uses the J.D. Power Official Used Car Guide as of

January 1st of each year to establish valuations. Collections are due twice a year in December and June. **Personal Property Tax Collections for FY23 totaled \$137 million; 33.92% greater than 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 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.

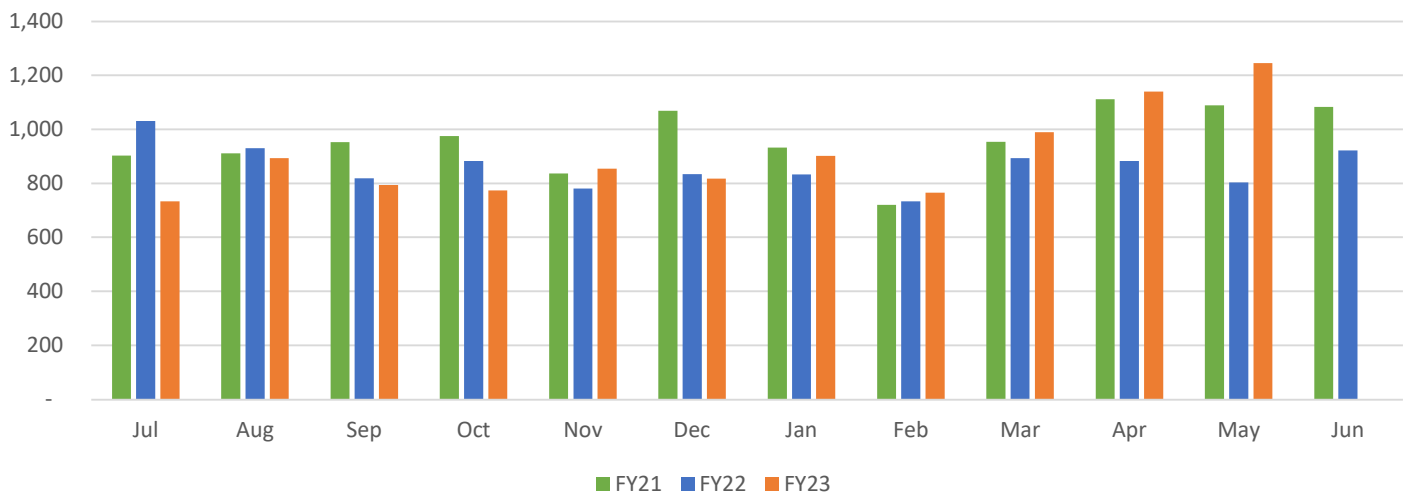


Henrico Metrics

Used Car Registration



New Car Registration

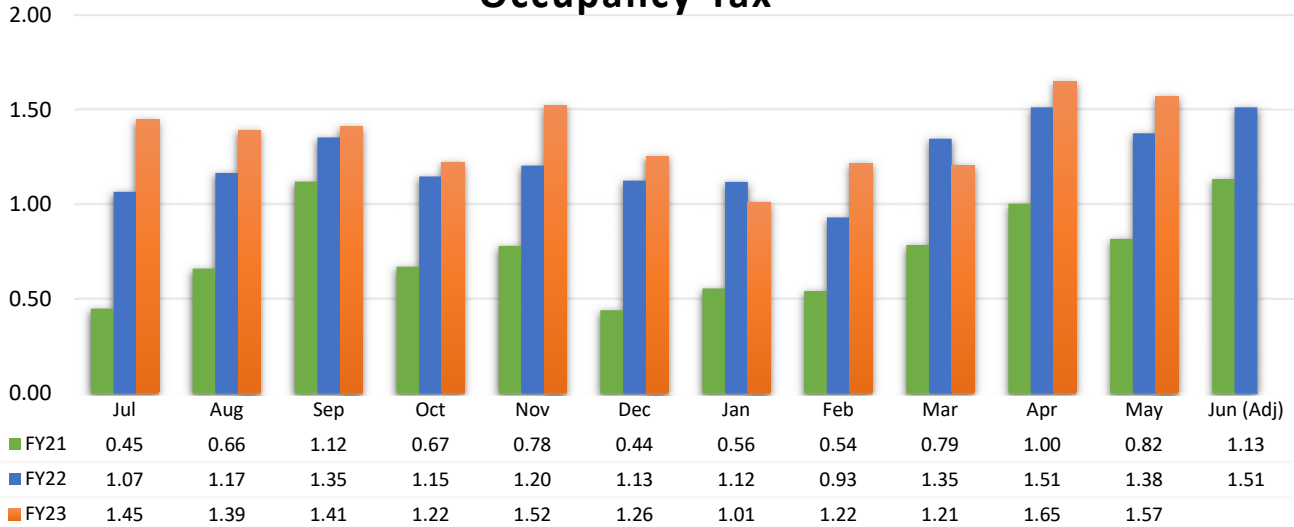


Vehicle Registration data is acquired from the Virginia Department of Transportation and is comprised of both new and used vehicles; the metric strongly correlates to vehicle sales. **Used Car Registration in May recorded 8,124; 680 higher than May FY22. Year to Date collections remain greater than FY22. New Car Registration in May recorded 1,245; 442 higher than May FY22.**



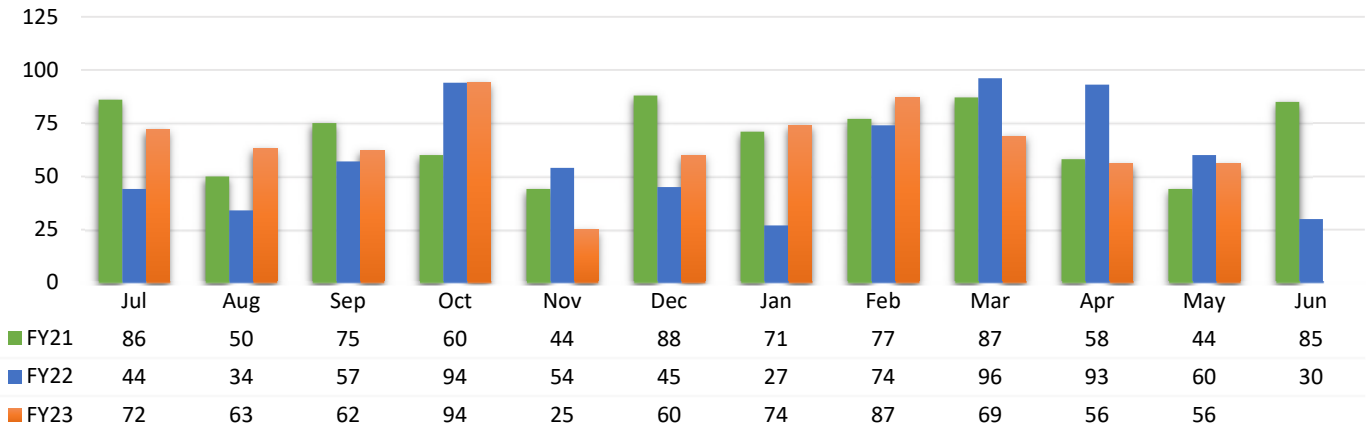
Henrico Metrics

Occupancy Tax



Henrico’s **Occupancy Tax** is collected on lodging for overnight stays. **Occupancy Tax collections in May were \$0.19 million higher than those of FY22 totaling \$1.57 million.** Occupancy Tax collections have returned to pre-pandemic normalcy.

New Residential Construction

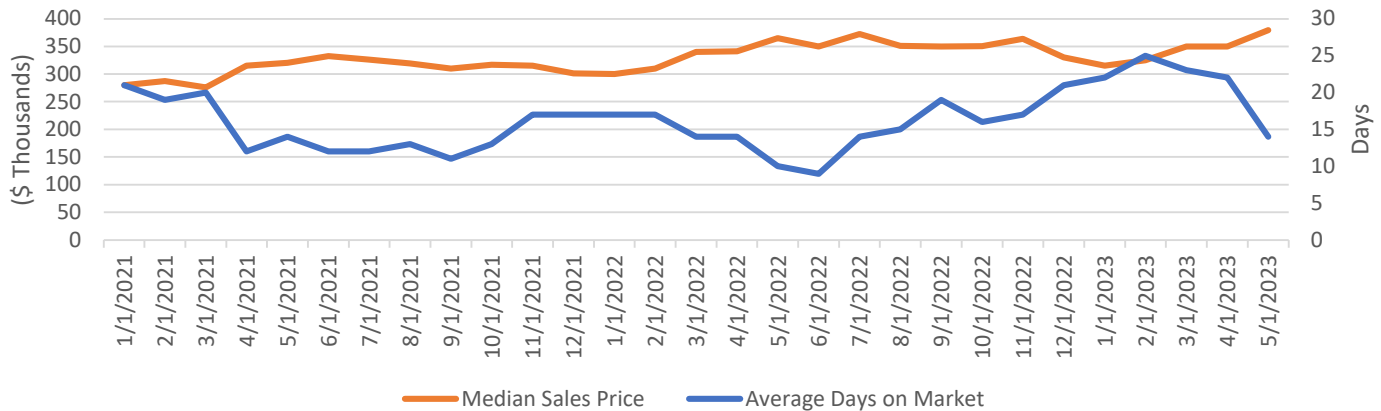


New Residential Construction is comprised of new single-family houses that were issued building permits. A slowdown may indicate worsening economic conditions, increased competition from neighboring localities, or a lack of expansion capabilities. **May FY23 construction recorded 56 permits, 4 lower than May FY22.**



Henrico Metrics

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



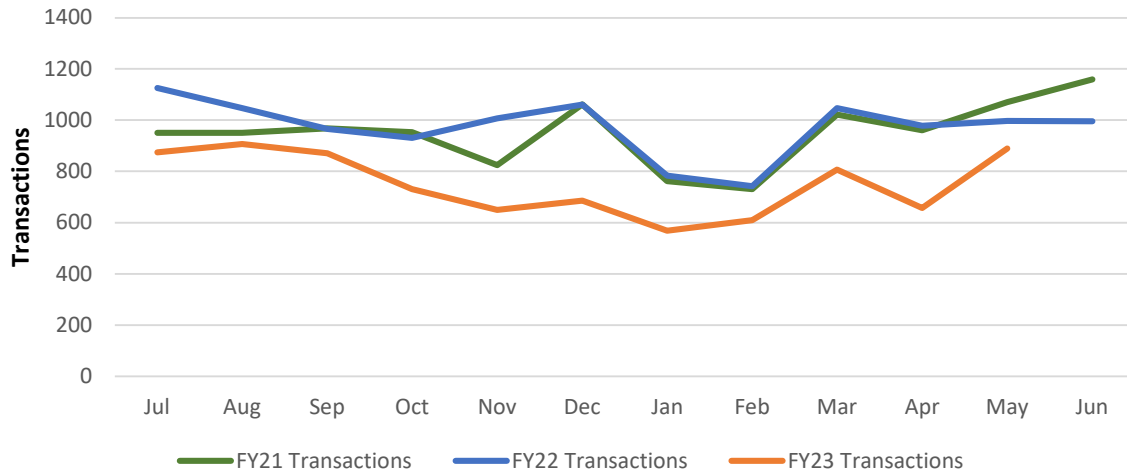
Average Days on the Housing Market and Median Sales Price provides a benchmark of the state of the housing market in Henrico. An increase in the time spent on market may indicate a slowing of the housing market, while a decrease may indicate acceleration. Median Sales Price tracks the middle value of homes sold in the County that month and can provide insight into the general direction of the market. **In the month of May 2023, the Median Sales Price rose \$30,000 above April landing at \$380,000. The median is 4.19% higher than May 2022, and 18.67% higher than May 2021⁹.** Average Days on the Housing Market dropped from 22 in April to 14 in May, receding from February’s peak.

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



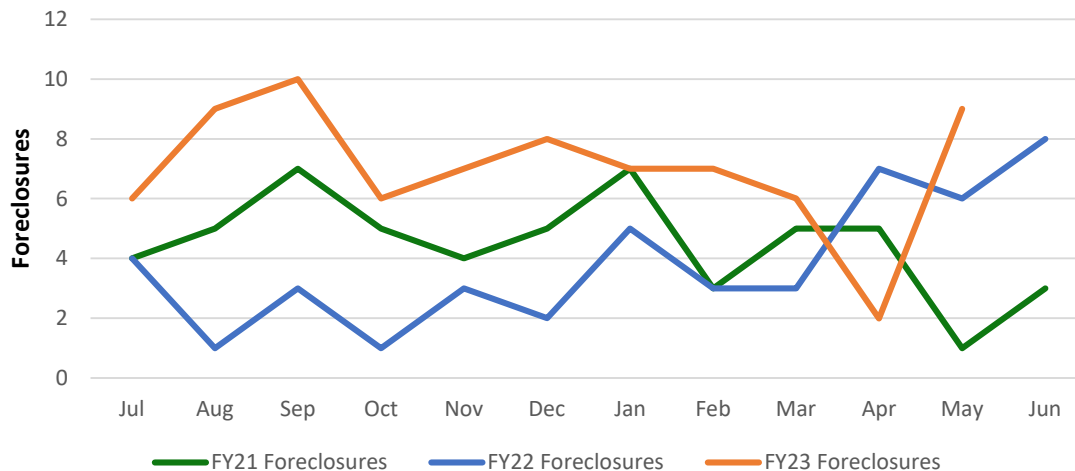
Henrico Metrics

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 represent a healthy and growing market. **889 total residential transactions were recorded in May. This marks a decline of 108 from May 2022 and a continued decline in fiscal year-to-date transactions.**

Residential Foreclosures

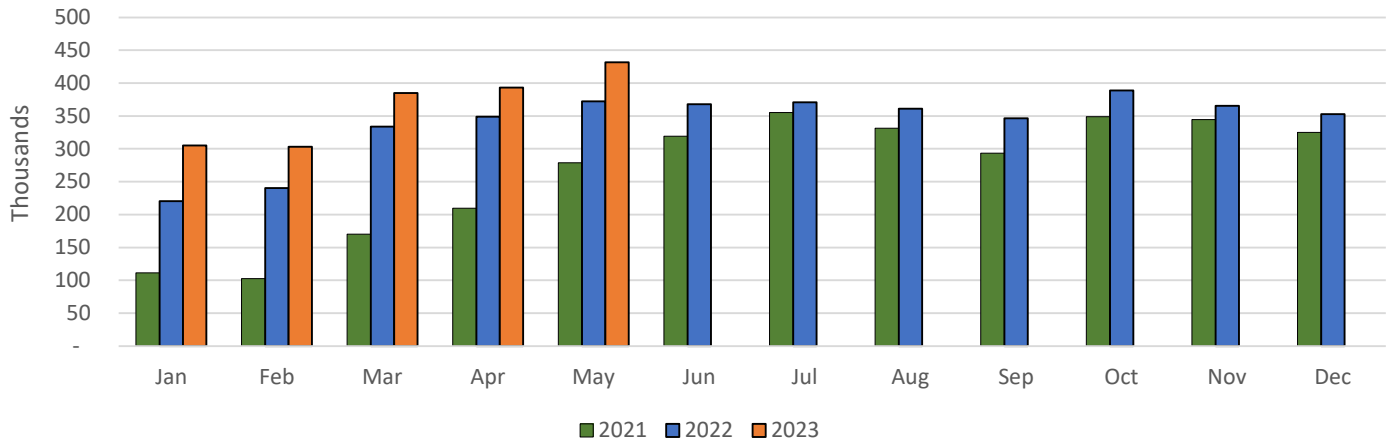


There were 9 foreclosures reported in May.



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 impacted air travel around the country both domestically and internationally. Air travel has seen a continuous recovery, with notable growth resuming in March 2021. **May 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/>