



### 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 indicators assessed illustrate a recovering economy, steady in its progression towards pre-pandemic activity levels, with several indicators cited as needing further monitoring.** National performance indicators experienced both declines and improvements from those of the September report but continue to demonstrate overall growth. Initial Unemployment Claims experienced another sharp decline but still lacks weekly consistency. Both the housing market and car sales experienced small setbacks but seem to remain strong across the County, demonstrating an active and stimulated market. Occupancy tax collections continue to increase despite concerns of the impact of the delta variant. Finally, air travel continues to show strong passenger activity and improvement, especially when compared to pandemic values.

### Metrics Considered

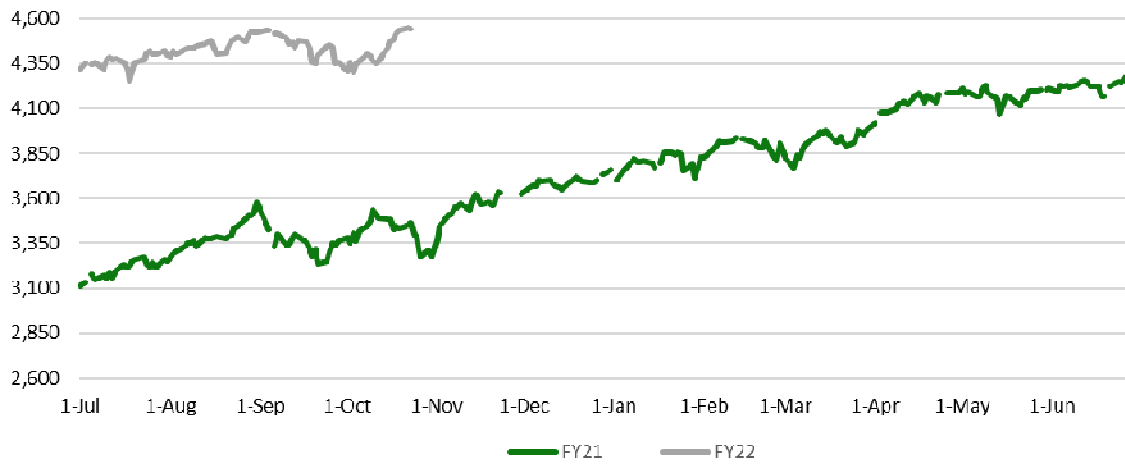
- **National:** S&P 500, Consumer Confidence Index, Consumer Price Index, 30 Year Fixed Mortgage Rate
- **Virginia:** Unemployment Rate, Initial Unemployment Claims
- **Henrico:** Continued Unemployment Claims, Local Sales & Use Tax, Meals Tax, Vehicle Registrations, Occupancy Tax, New Residential Construction, 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.

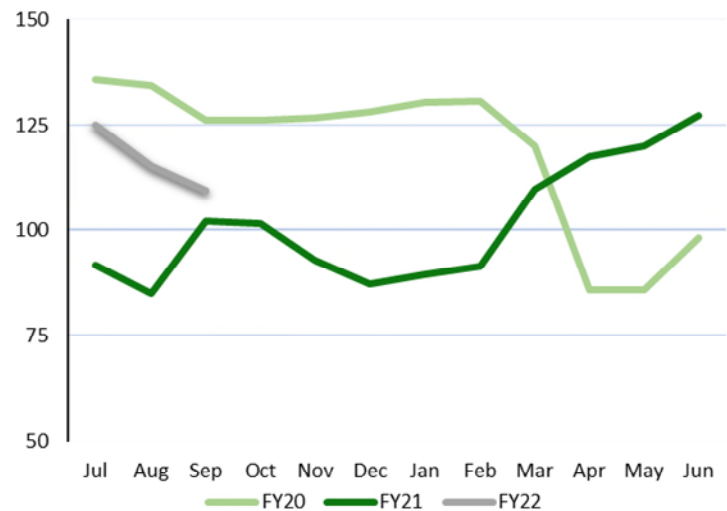
### S&P 500



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 both the U.S. stock market and economy. **The index continues steady upward growth, despite some mixed results over the past month.** October results are in line with performance over the past several months. The index exceeds pre-pandemic levels by over 1,500 points.

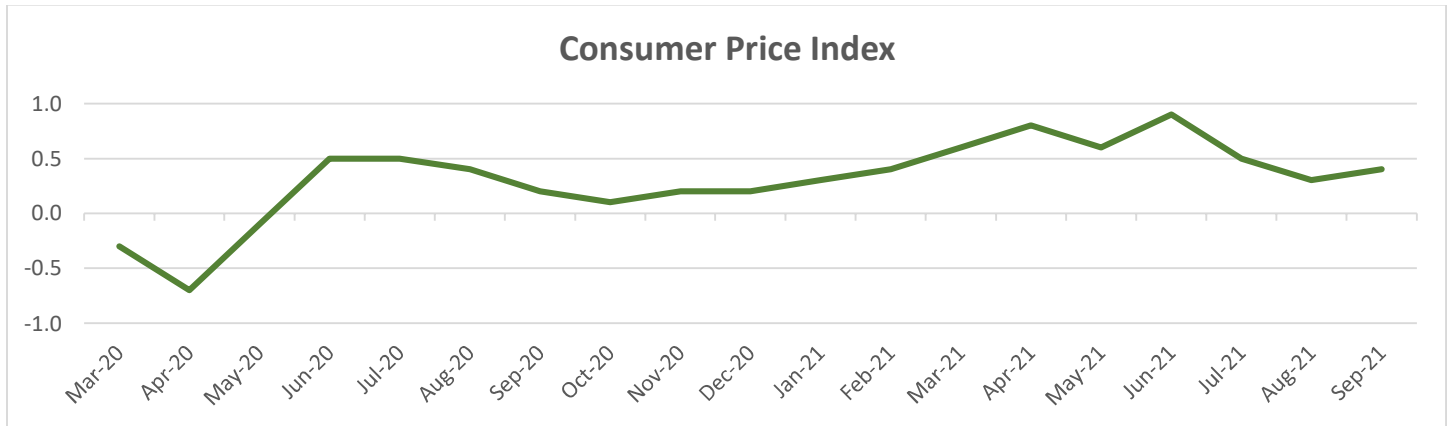
The **Consumer Confidence Index** is a monthly survey given to 5,000 random households gathering opinions on present situations and future expectations. It is benchmarked to 1985 (100) and best compared by reviewing month over month changes. **The index declined for the third consecutive time in nine months** to 109.3 in September, down from 115.2 in August, but still above 102 one year ago. Senior director of Economic Indicators Lynn Franco cited the delta variant “dampening optimism” and expressed “Concerns about the state of the economy and short-term growth prospect deepened, while spending intentions for homes, autos, and major appliances all retreated again.” Further monitoring is advised.

### Consumer Confidence Index

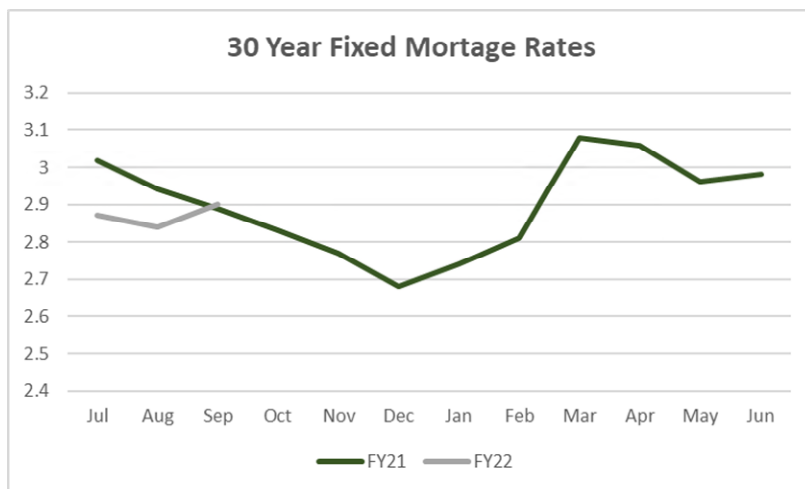




## National Metrics



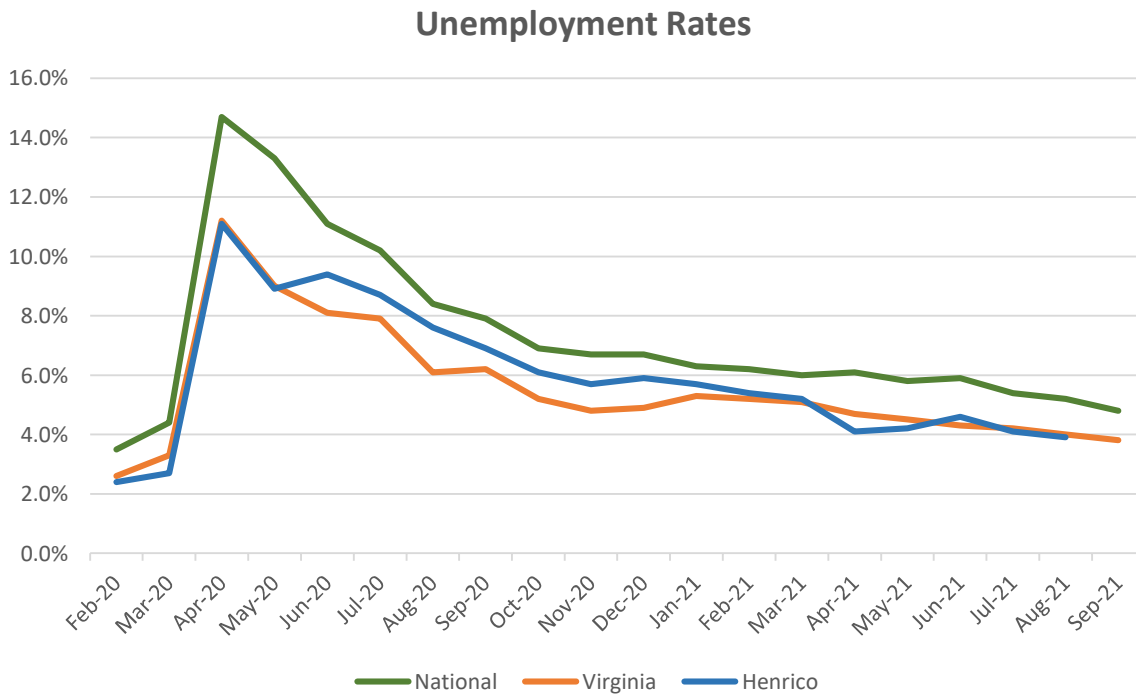
The **Consumer Price Index** is a weighted average of the prices of an identified basket of consumer goods and services used to help monitor inflation. The index provides some insight into the effectiveness of economic policy at the national level, and over-time shows the average change in price that 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 negative inflation (prices decreasing). During the month of September 2021, the consumer price index increased by 0.5% from August 2021. **This shows increased growth from the previous month and indicates an inflationary trend lasting over 16 months. The current 12-month CPI growth is 5.3% (unadjusted data) as reported by the Bureau of Labor Statistics on October 25, 2021.** Further monitoring is warranted for this metric.



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 September 2021 the 30-year fixed mortgage interest rate increased from 2.84% to 2.9%.** When combined with the current booming housing market as described later in this report, decreasing rates could signal a continuation of high levels of transactions.



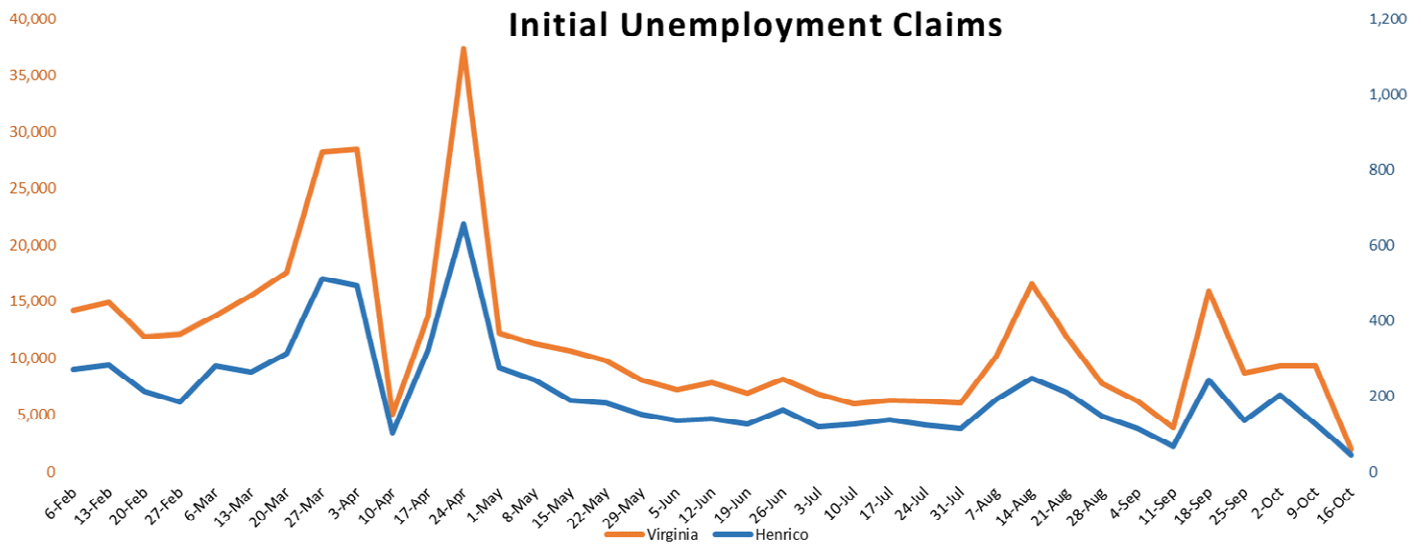
## Combined Metrics



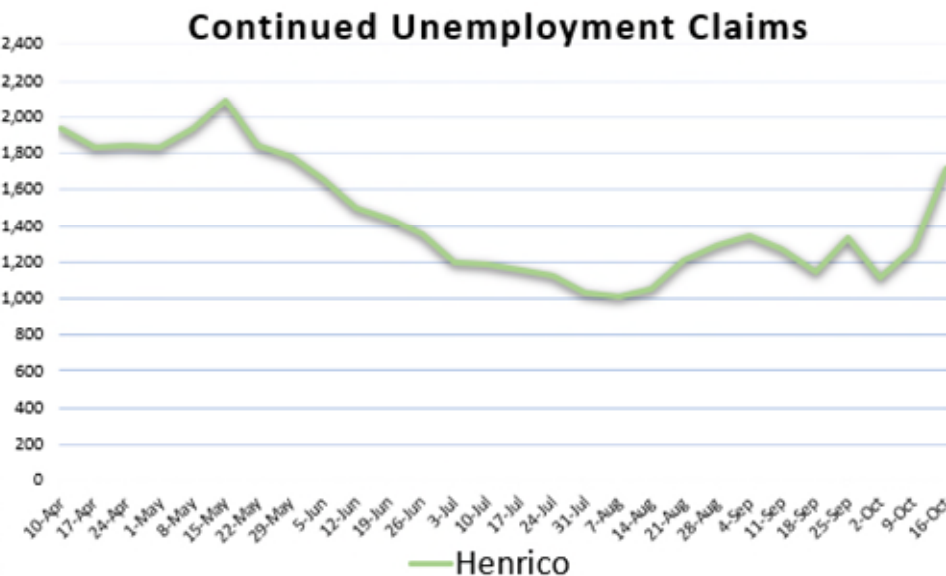
The **Unemployment Rate** shows the number of unemployed people as a percentage of the workforce. Known as the U-3 unemployment rate, an individual must be actively seeking work or laid off to be included. State unemployment data lags roughly six weeks while local unemployment data lags 9 weeks. Note: The most recent data available for State and Local rates are preliminary and may slightly change in future reports. **At the National and State levels, unemployment rates declined from August to September. In Henrico, unemployment rates also saw a decrease over the month of August, dropping to 3.9% from 4.1% in July. 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.



### Virginia & Henrico Metrics



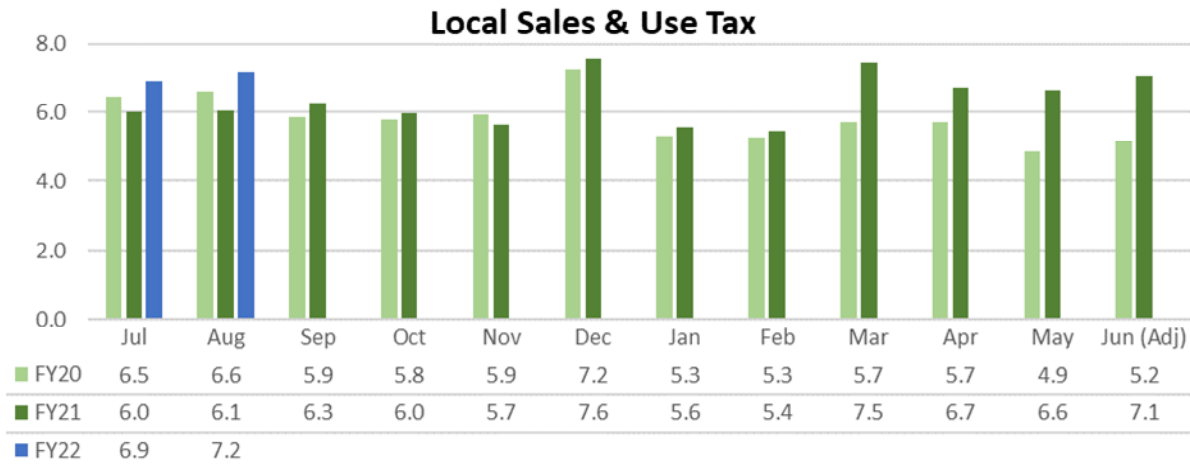
**Initial Unemployment Claims** act as a measure of recent job loss. Claims remained steady prior to March of 2020 at under 100 for Henrico and under 3,000 for Virginia. Unlike the Great Recession, COVID-19’s effect on the local economy was immediately apparent and in-line with national figures. **Initial Unemployment Claims saw a strong positive improvement in Henrico and Virginia through the end of September. Henrico claims dropped from 67 to 44, while state claims declined from 3,822 to 1,967. Though some weeks are approaching pre-pandemic values, the values are not yet consistent week-to-week.**



**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. **Breaking a trend of steady improvement, continued unemployment claims rose back to late May levels, with the latest report at 1,712, now almost double the pre-pandemic average of about 800 claims a week.**



### 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. **August collections show continued growth of \$7.2 million, compared to \$6.9 million in July indicating both a resilient local consumer tax base and inflationary factors.**

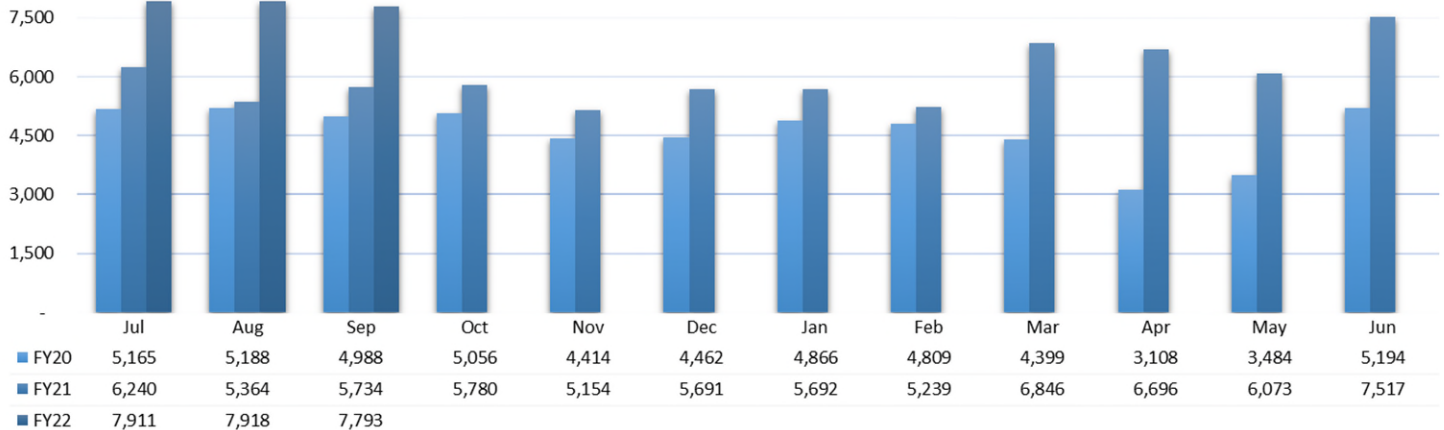


Henrico’s **Meals Tax** provides a 4% tax revenue on prepared food and beverages. Revenue generated by the Meals Tax is dedicated to the operational and capital project needs of Henrico’s Public Schools. Collections are backdated two months and compared as year-over-year monthly collections. **August FY22 collections mirrored July collections at \$2.88 million and exceeded August FY20 collections by \$0.97 million.** Collections continue to exceed pre-pandemic levels.

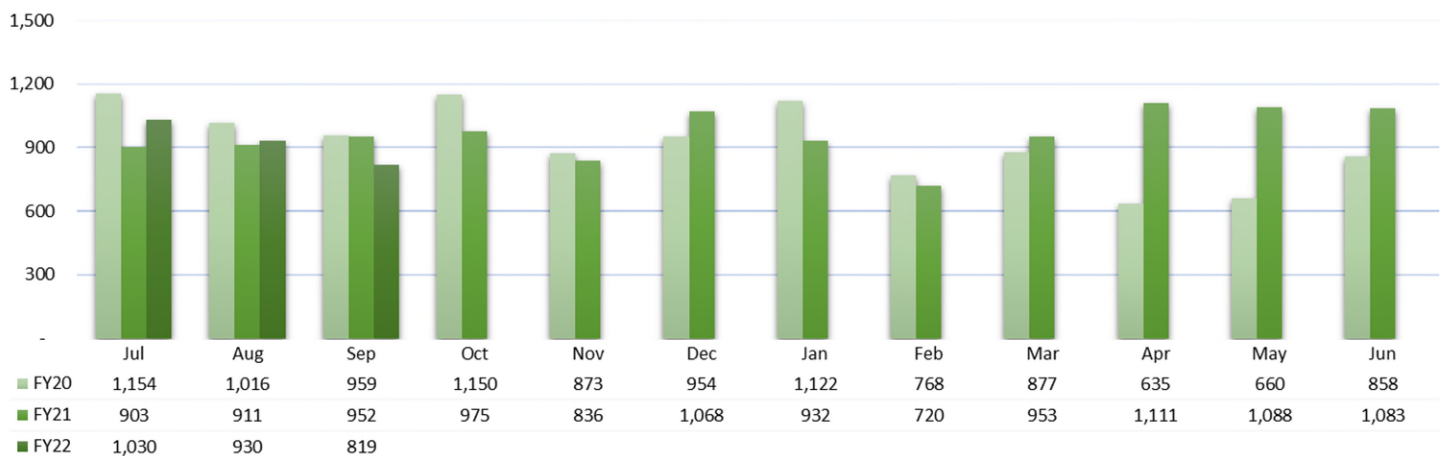


### Henrico Metrics

#### Used Car Registration



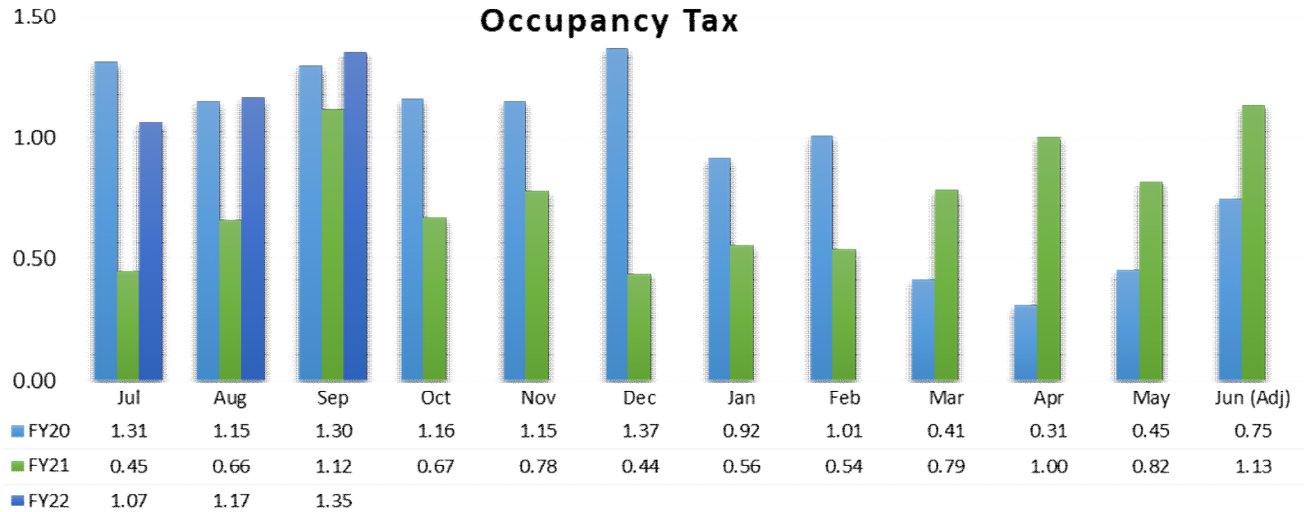
#### New Car Registration



**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. **New and Used Car Registrations have continued to remain strong in FY22; September reported 819 new car registrations, down from August. Used car registrations continued to yield near record highs, 56.2% higher than registrations in September of FY20.** Increased commerce reinforces the picture of a healthy and active economy.

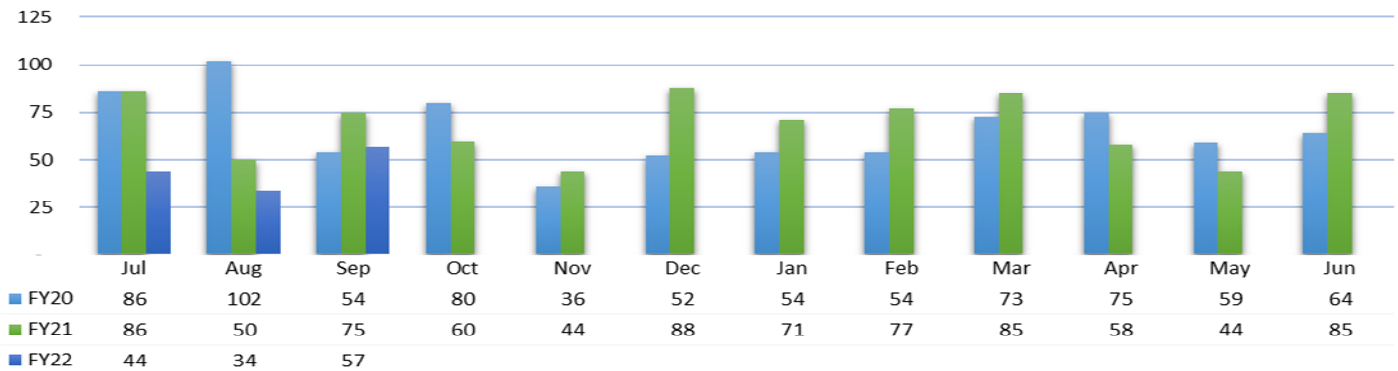


### Henrico Metrics



Henrico’s **Occupancy Tax** is collected on lodging for overnight stays. **Occupancy Tax** collections in **September** increased **16.1%** from August and are **4%** higher than **September FY20**, demonstrating normalization and a return to pre-pandemic levels.

#### New Residential Construction

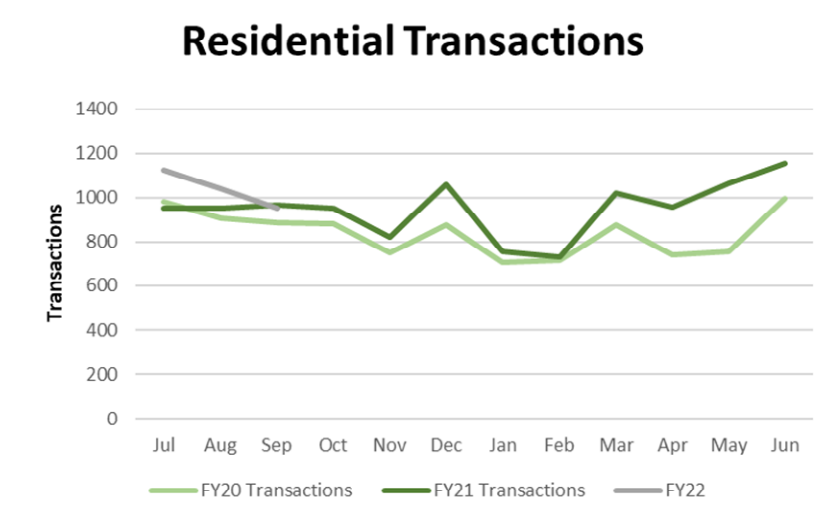


**New Residential Construction** is comprised of new single-family houses that were issued building permits. A slowdown may indicate worsening economic conditions, increased competition from neighboring localities, or a lack of expansion capabilities. 57 construction permits were issued in September, up from 34 in August. **This increase represents the highest value since December, and follows the lowest number of permits issued in two years of performance data, illustrating the cyclical nature of the permit process.**

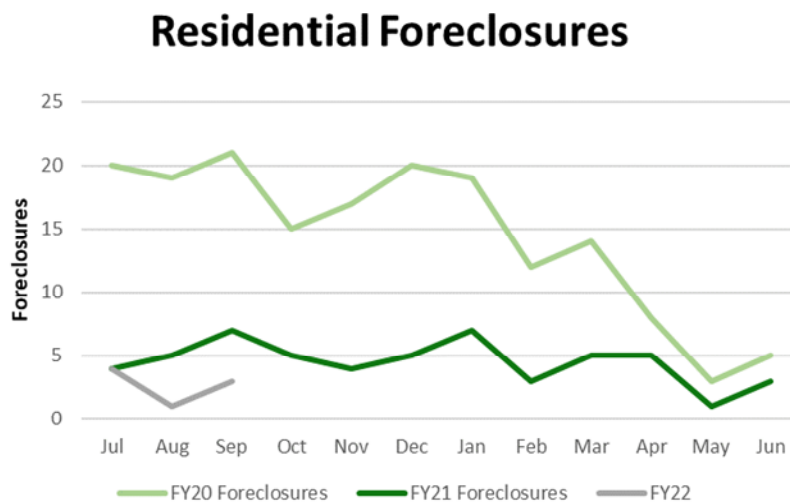




## Henrico Metrics



**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. **September 2021 residential transactions lag September 2020 by 1.8% and exceed September 2019 by 7.2%, illustrating the continuation of a booming housing market.**

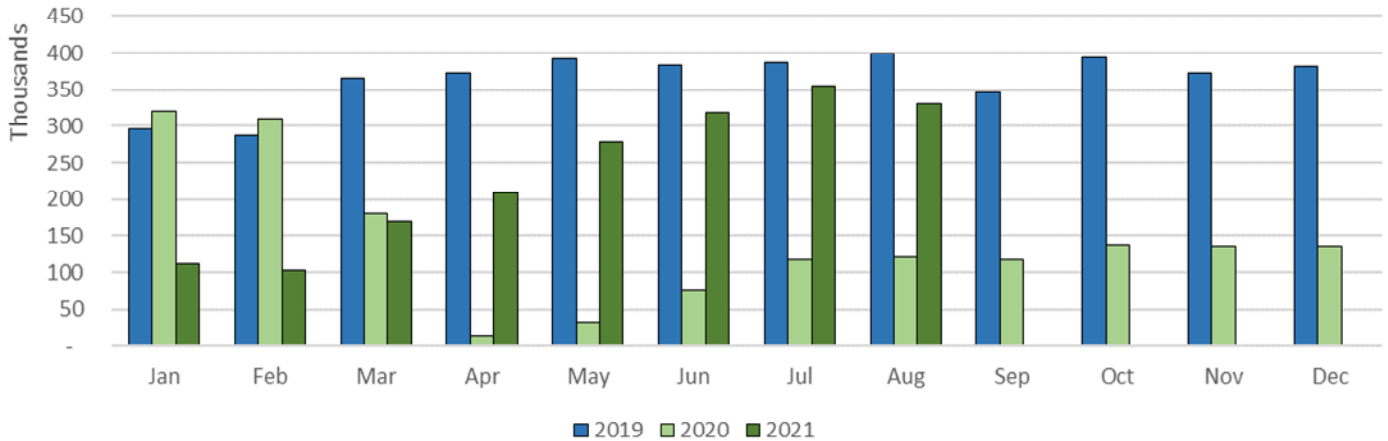


Foreclosure numbers remain stable at approximately 5 per month, with 3 foreclosures in September. **Total foreclosures remain low due in part to a continuing mortgage foreclosure freeze, extended through October 3, 2021.** The freeze applies to Fannie Mae, Freddie Mac, and FHA loans that account for 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. **August 2021 brought a continued strong level of air travel of 331,197 passengers. While a 7.8% decrease from July it continues a trend towards pre-pandemic numbers and significant improvement when compared even to the first four months of this year.**



### Summary of Financials

#### Period Ended September 30, 2021

	FY21 Approved Budget	FY21 Revised Budget	FY21 YTD Actuals	FY21 Projected Amounts	Projected FY21 Actual	Over (Under) Budget
<b>Local Revenues</b>	\$ 734,121,200	\$ 734,121,200	\$ 74,313,888	\$ 691,620,449	\$ 765,934,337	\$ 31,813,137
<b>State Revenues</b>	393,652,040	393,652,040	76,865,708	328,087,902	404,953,610	11,301,570
<b>Federal Revenues</b>	385,000	385,000	23,676	381,324	405,000	20,000
<b>Total General Fund Revenues</b>	<b>\$ 1,128,158,240</b>	<b>\$ 1,128,158,240</b>	<b>\$ 151,203,273</b>	<b>\$ 1,020,089,675</b>	<b>\$ 1,171,292,947</b>	<b>\$ 43,134,707</b>
<b>General Government Expenditures</b>	\$ 423,005,103	\$ 438,964,340	\$ 99,974,301	\$ 346,063,293	\$ 446,037,594	\$ (7,073,254)
<b>Education Expenditures</b>	560,920,241	578,721,795	77,774,092	492,266,876	570,040,968	8,680,827
<b>Total General Fund Expenditures</b>	<b>\$ 983,925,344</b>	<b>\$ 1,017,686,135</b>	<b>\$ 177,748,393</b>	<b>\$ 838,330,169</b>	<b>\$ 1,016,078,562</b>	<b>\$ 1,607,573</b>

This **Summary of Financials, Period Ended September 31, 2021**, provides an overview of projected and actual revenues and expenditures for FY20-21. Note: This revenue and expenditure includes CARES Act funding.