



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. National performance indicators experienced slight declines from those of the August report but continue to demonstrate stable growth. Initial Unemployment Claims experienced a sharp decline following a rise over August, a very promising sign for the local economy. Both the housing market and car sales remain strong across the County, demonstrating an active and stimulated market. Occupancy tax collections also experienced an increase despite initial concerns of the impact of the delta variant. Finally, air travel continued in its upwards trajectory, nearing pre-pandemic averages.

Metrics Considered

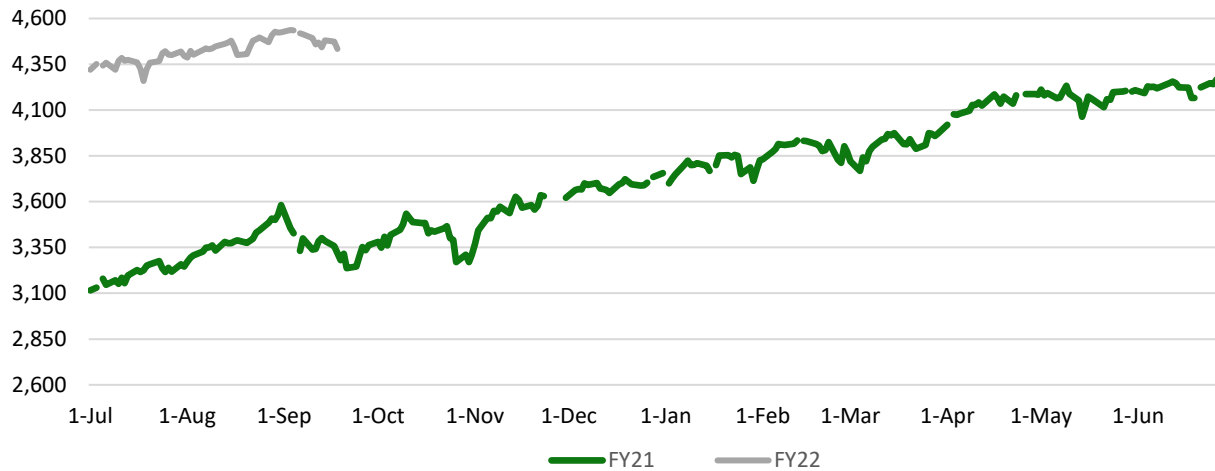
- **National:** S&P 500, Consumer Confidence Index, Consumer Price Index, Mortgage rate
- **Virginia:** Unemployment Rate, Initial Unemployment Claims
- **Henrico:** Continued Unemployment Claims, Local Sales & Use Tax, Meals Tax, Vehicle Registrations, Occupancy Tax, New Residential Construction, Residential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



National Metrics

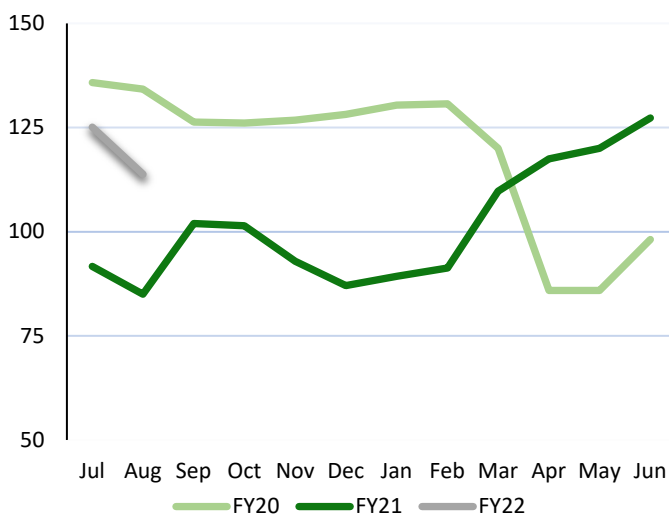
These indicators provide a mix of hard financial data as well as consumer consensus surveys to provide a macroeconomic and microeconomic view of the United States.

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.** September results are in line with performance over the past several months. The index continues to exceed pre-pandemic levels by over 1,500 points.

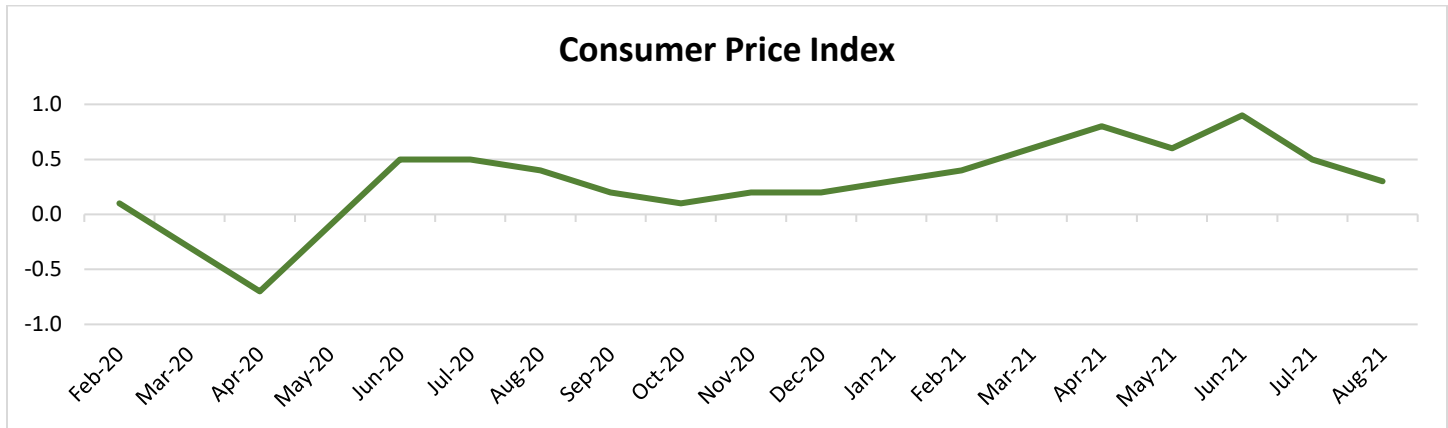
Consumer Confidence Index



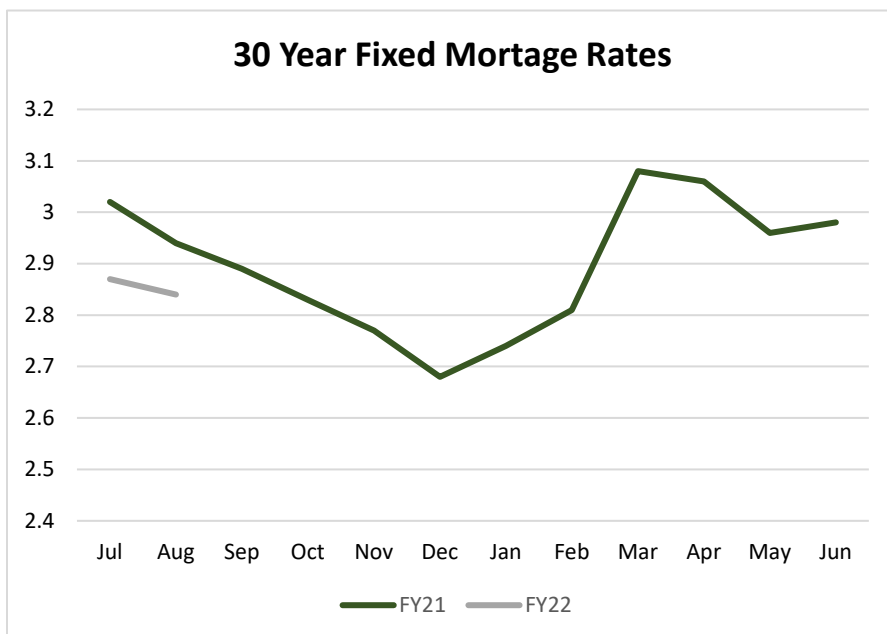
The **Consumer Confidence Index** is a monthly survey given to 5,000 random households gathering opinions on present situations and future expectations. It is benchmarked to 1985 (100) and best compared by reviewing month over month changes. **The index declined for the second consecutive time in nine months** to 113.8 in August, down from 125.1 in July, but still significantly above 85, where the index stood in August of FY21. In a statement regarding the decline, economist and Conference Board Director Lynn Franco cited “Concerns about the Delta variant—and, to a lesser degree, rising gas and food prices,” as drivers of the index’s downturn. Further monitoring is advised.



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 August 2021, the consumer price index increased by 0.3% from July 2021. **This shows slowed growth from the previous month, but still indicates an inflationary trend lasting over 15 months. The current 12-month CPI growth is 5.3% (unadjusted data) as reported by the Bureau of Labor Statistics on September 14, 2021. Further monitoring is warranted for this metric.**

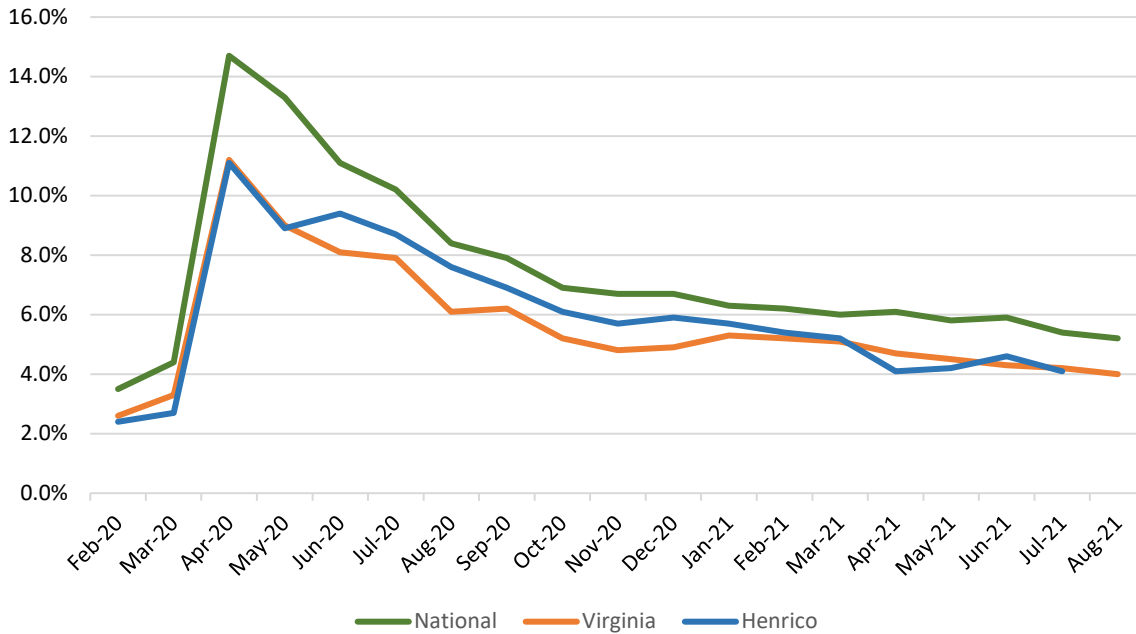


The **30-year fixed rate mortgage** is the most common financing mechanism used by residential home buyers. The interest rate represents the amount a qualified borrower will be charged by a lender over the loan term. **In August 2021 the 30-year fixed mortgage interest rate increased from 2.96% to 2.98%.** 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

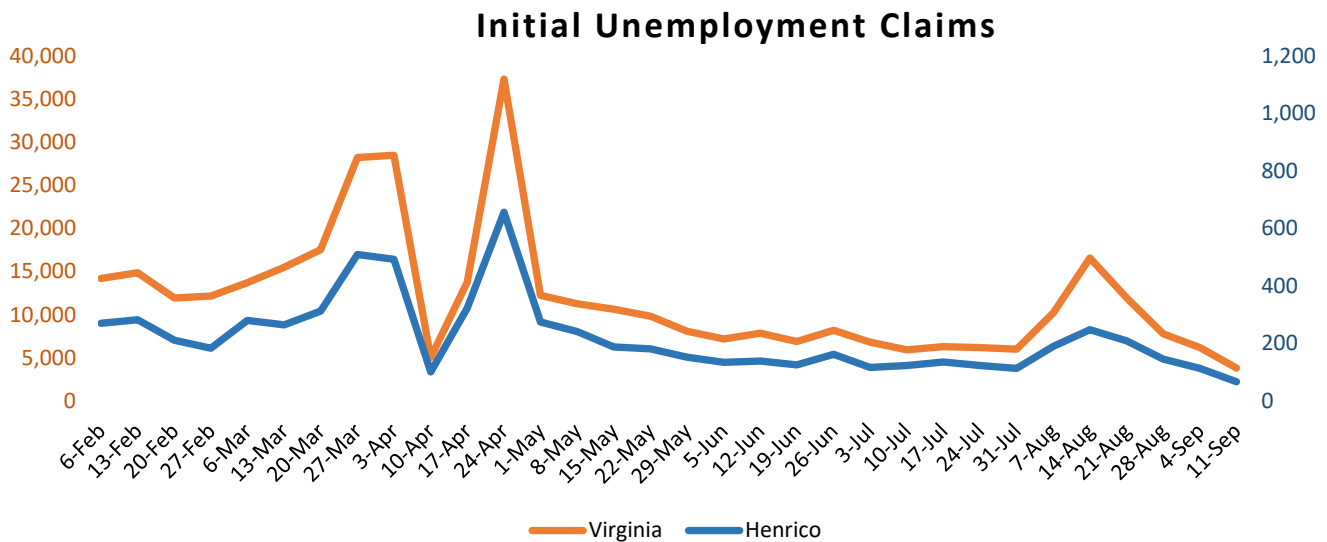
Unemployment Rates



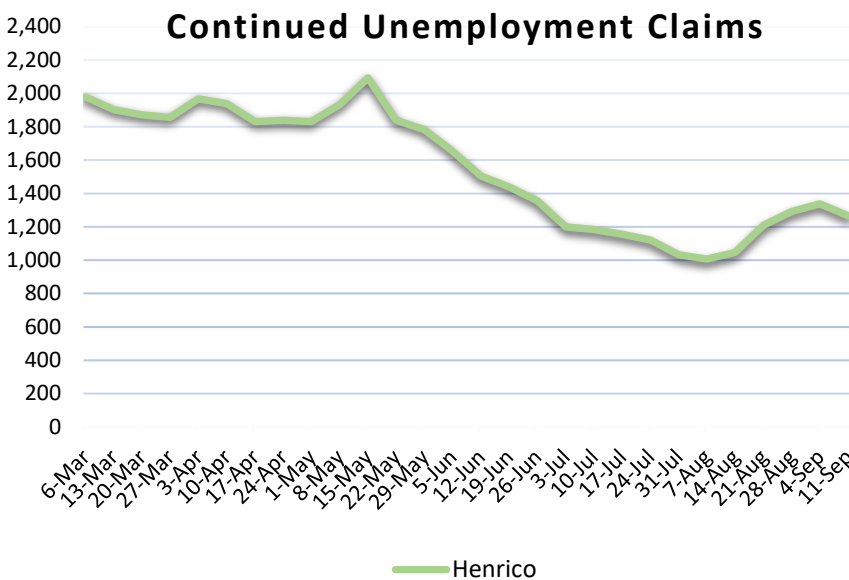
The **Unemployment Rate** shows the number of unemployed people as a percentage of the workforce. Known as the U-3 unemployment rate, an individual must be actively seeking work or laid off to be included. State unemployment data lags roughly six weeks while local unemployment data lags 9 weeks. Note: The most recent data available for State and Local rates are preliminary and may slightly change in future reports. **At the National and State levels, unemployment rates declined from July to August. In Henrico, unemployment rates saw a decrease over the month of July, dropping from 4.6% to 4.1%. Historically, Henrico unemployment rates have trended closely with the National and State levels; we may see a continued responsive decline upon the reporting of August 2021 rates in the County.** 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



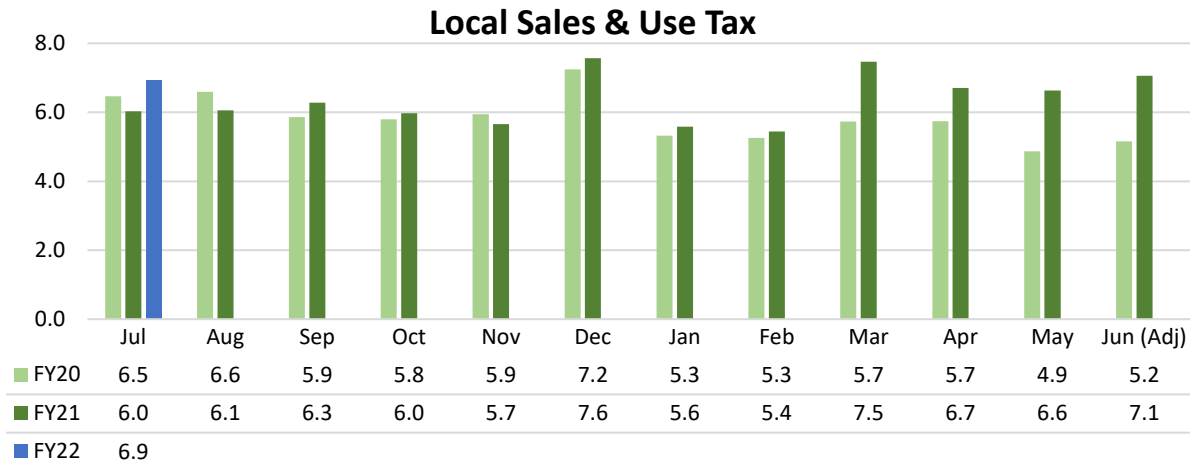
Initial Unemployment Claims act as a measure of recent job loss. Claims remained steady prior to March of 2020 at under 100 for Henrico and under 3,000 for Virginia. Unlike the Great Recession, COVID-19’s effect on the local economy was immediately apparent and in-line with national figures. **Initial Unemployment Claims saw a strong positive improvement in Henrico and Virginia through the end of August. Henrico claims dropped from 248 to 67, while state claims declined from 7,777 to 3,822.**



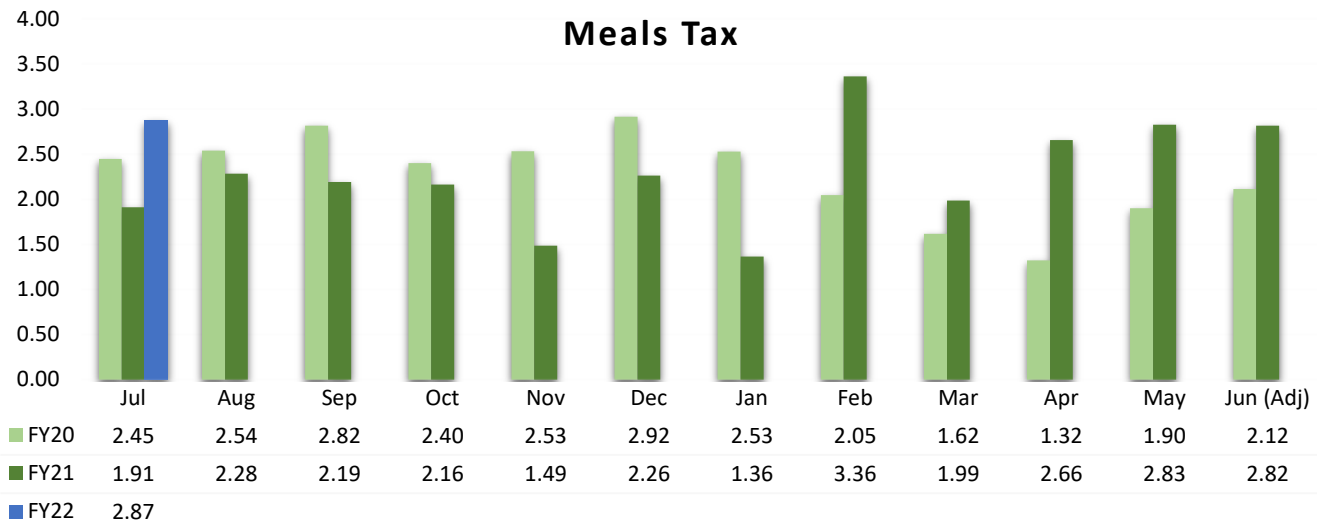
Continued Unemployment Claims reflects the number of individuals that have continued to file a claim after their initial claim. It reflects the lower bound for an unemployment rate. **Continued unemployment claims have generally remained steady over August, with the latest report at 1,267, and continues to near 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. **July collections show continued growth with FY22 collections of \$6.9 million, compared to \$6.0 million in FY21 and \$6.5 million in FY20, indicating a resilient local consumer tax base.**

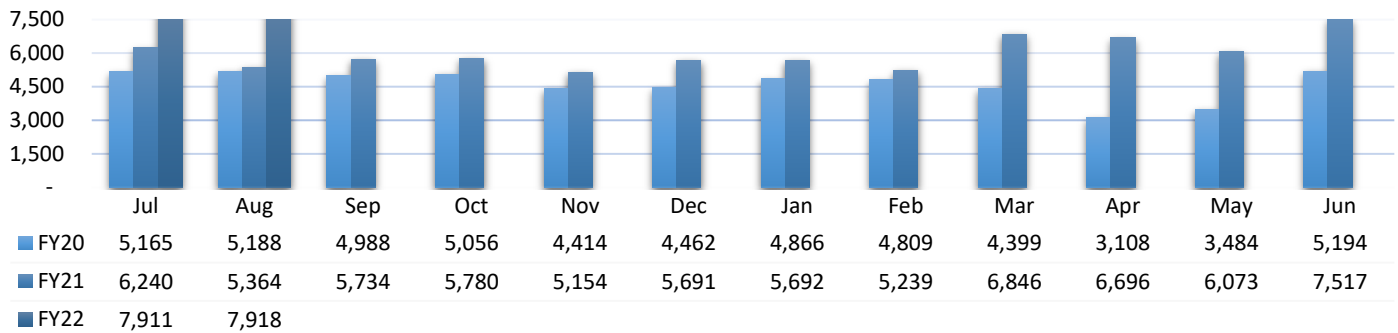


Henrico's **Meals Tax** provides a 4% tax revenue on prepared food and beverages. Revenue generated by the Meals Tax is dedicated to the operational and capital project needs of Henrico's Public Schools. Collections are backdated two months and compared as year-over-year monthly collections. **July FY22 collections exceeded May FY21 collections, up to \$2.87 million from \$2.23 million, and exceeded July FY20 collections by \$0.43 million.** Collections continue to exceed pre-pandemic levels.

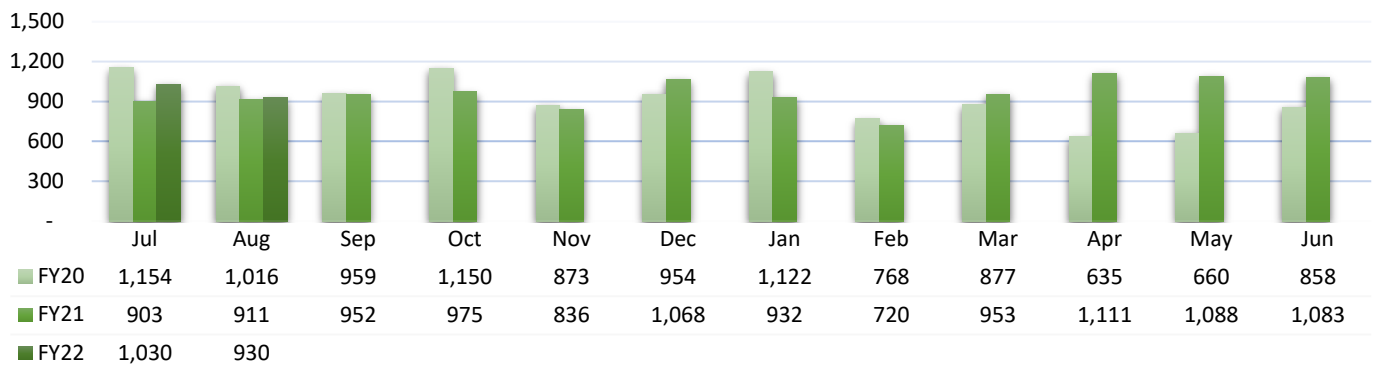


Henrico Metrics

Used Car Registration



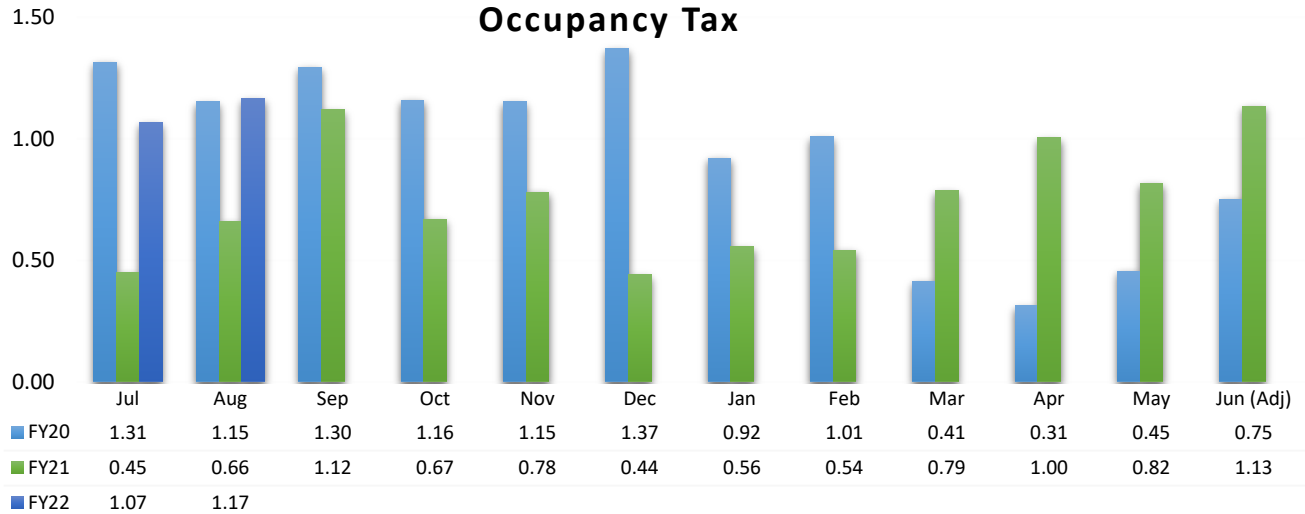
New Car Registration



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 high in FY22; August reported 930 new car registrations, down from July, but close to historic averages. Used car registrations continued to yield record highs, 52.6% higher than registrations in August of FY20.** Increased commerce reinforces the picture of a healthy and active economy.

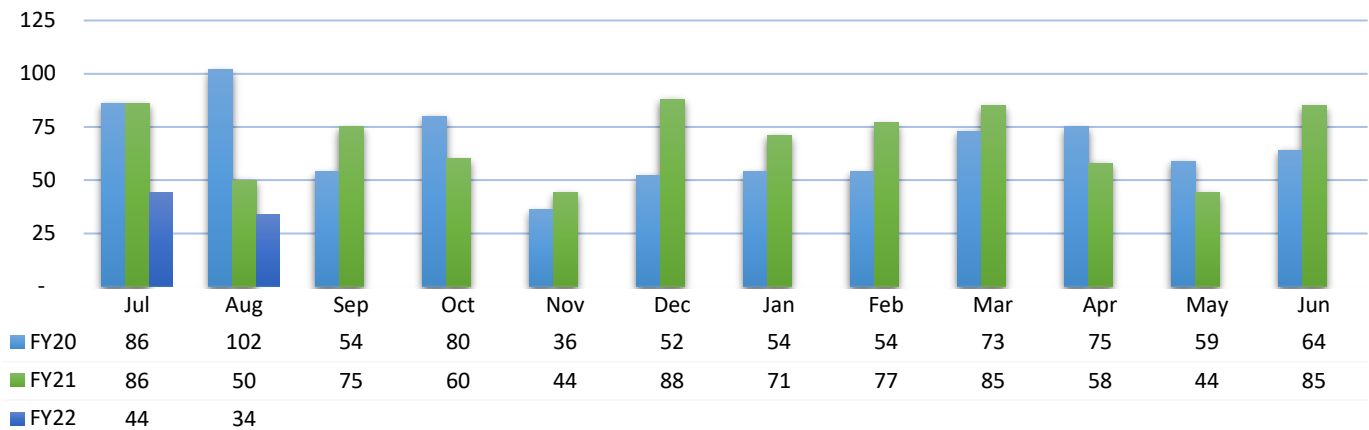


Henrico Metrics



Henrico’s **Occupancy Tax** is collected on lodging for overnight stays. **Occupancy Tax collections in August experienced an increase from those in July. These collections are 1% higher than those of August FY20, demonstrating normalization and a return to pre-pandemic levels.**

New Residential Construction

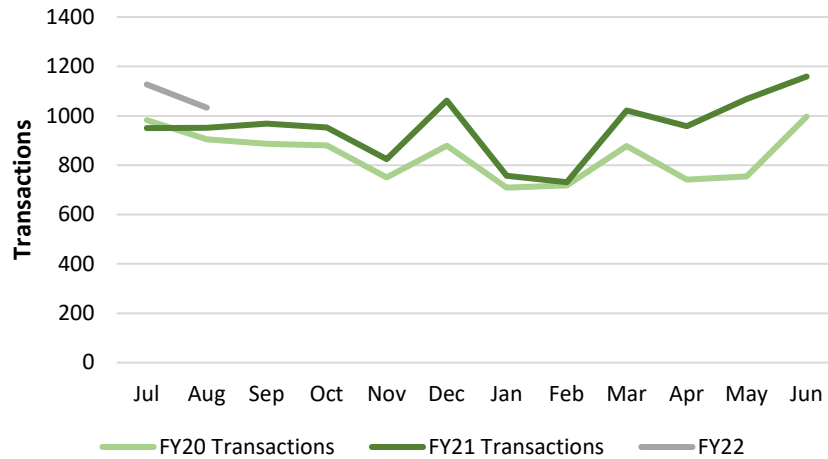


New Residential Construction is comprised of new single-family houses that were issued building permits. A slowdown may indicate worsening economic conditions, increased competition from neighboring localities, or lack of expansion capabilities. **34 construction permits were issued in August, down from July’s 44. While this decline is the lowest in two years of performance data, it appears to be isolated, and cyclical in nature.**



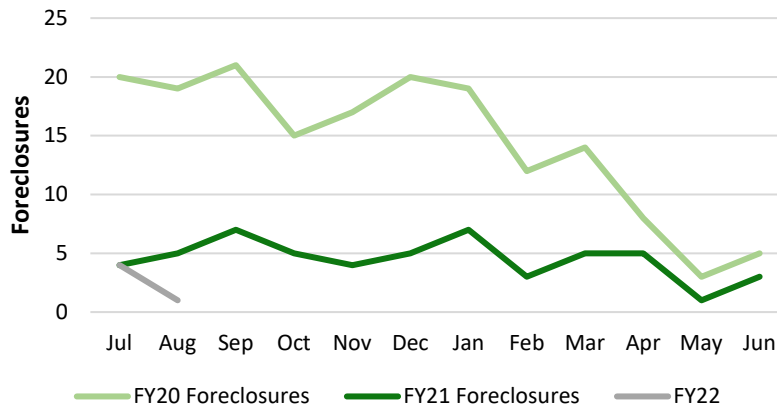
Henrico Metrics

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. **August 2021 residential transactions exceed August 2020 by 8.6% and August 2019 by 14.1%, illustrating the continuation of a booming housing market.**

Residential Foreclosures

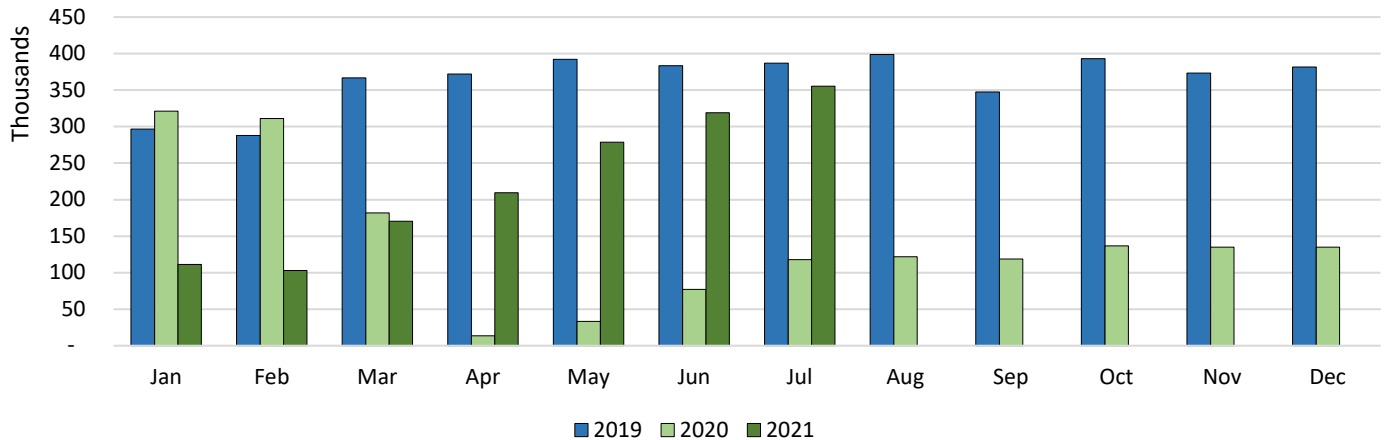


Foreclosure numbers remain stable at approximately 5 per month, with 1 foreclosure in August. **Total foreclosures remain low due in part to a continuing mortgage foreclosure freeze, extended through October 3rd, 2021.** The freeze applies to Fannie Mae, Freddie Mac, and FHA loans that account for about 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. **July 2021 brought a continued rise in air travel, up to 355,268 passengers, an 11.3% increase from June. This sits at 91.8% of July 2019's numbers, with visible trending towards pre-pandemic numbers.**