



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 indexes like the S&P 500 have continued in their growth with no apparent weathering. Conversely, initial unemployment claims saw a significant increase in both the county and State. Most tax collection metrics promisingly exceed those of the year prior. Used car registrations were the highest of any month in the past three years. Furthermore, residential transactions have continued to increase, illustrating confidence in Henrico's real estate market. **Overall, performance metrics remain well above those experienced through the heart of the pandemic. Some caution is warranted as rising prices and inflation becomes a growing concern nationally, encouraging continued monitoring. Overall, the County maintains an optimistic outlook on future development.**

Metrics Considered

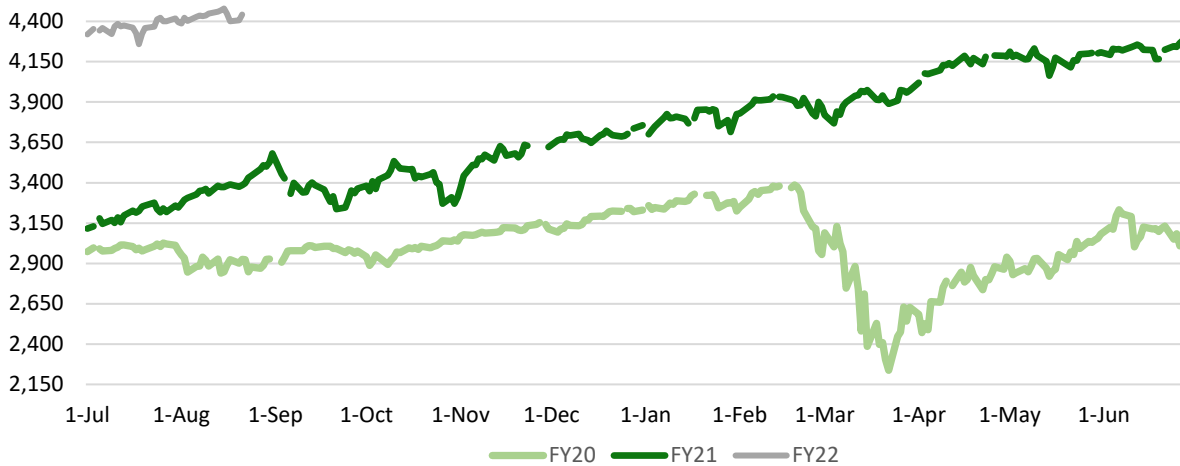
- **National:** S&P 500, Consumer Confidence Index, Weekly Economic Index, Consumer Price Index, Mortgage rate
- **Virginia:** Unemployment Rate, Initial Unemployment Claims
- **Henrico:** Continued Unemployment Claims, Real & Personal Property Taxes, Local Sales & Use Tax, Meals Tax, Vehicle Registrations, 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.

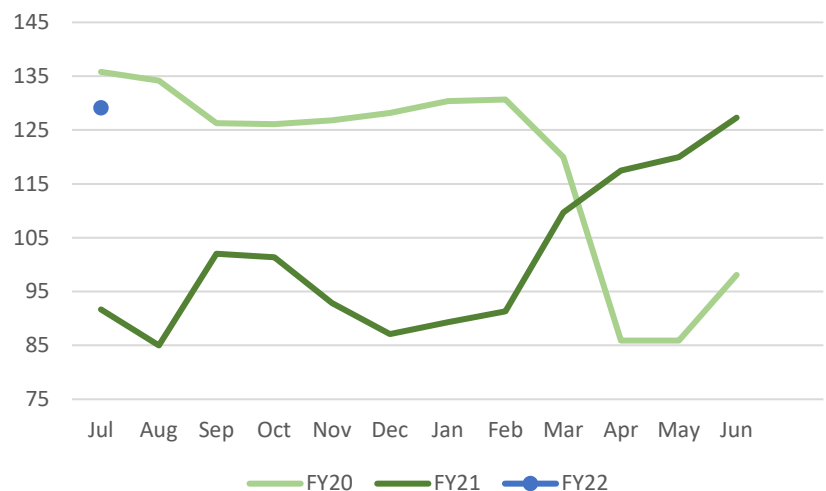
S&P 500



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 index has seen steady upwards growth through August, in line with its performance over the past several months. The index remains well above the sharp decline experienced in March 2020 and continues to exceed pre-pandemic levels by a significant margin of 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 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. Current metrics are comparable to pre-pandemic levels.**

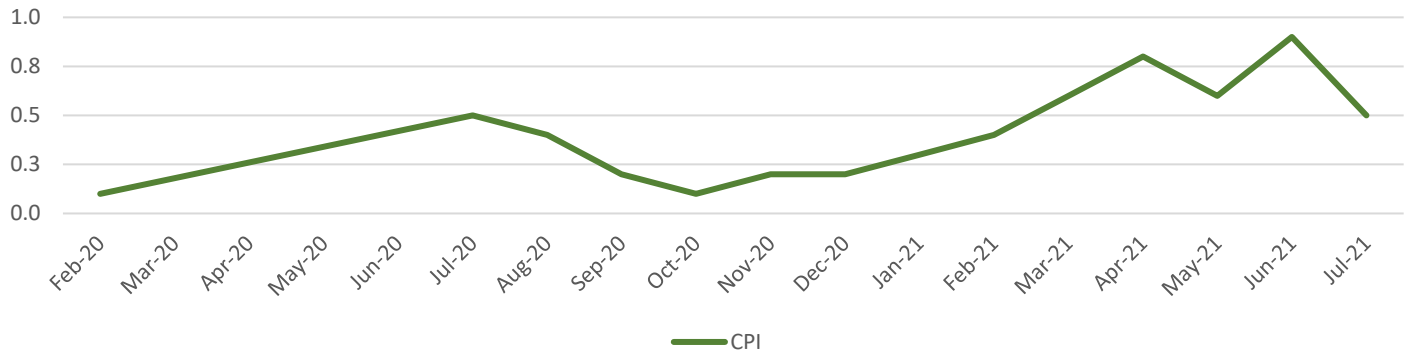
Consumer Confidence Index





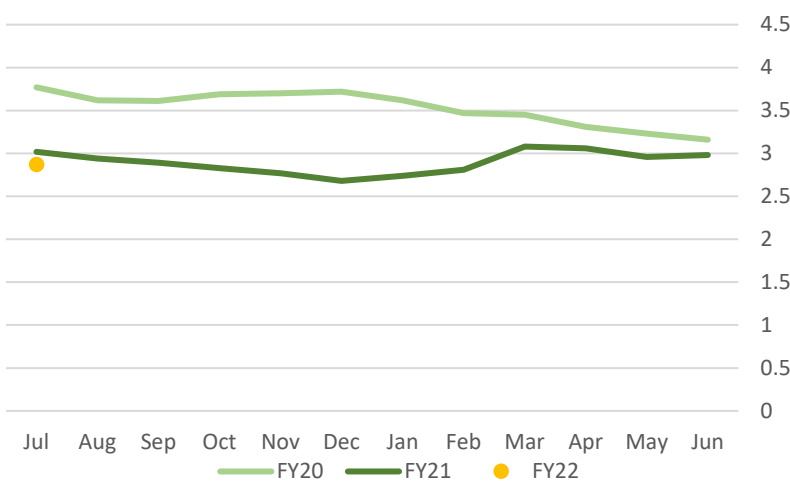
National Metrics

Consumer Price Index



The **Consumer Price Index** is a weighted average of the prices of an identified basket of consumer goods and services to help monitor inflation and provides some insight into the effectiveness of economic policy at the national level. Over-time, this index shows the average change in price that consumers experience. The chart above shows seasonally adjusted CPI-U (CPI for all Urban Consumers) as provided by the Bureau of Labor Statistics. 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 July 2021, the consumer price index increased by 0.5% from June 2021. **This shows slowed growth from the previous month, but still indicates an inflationary trend. The current 12-month CPI growth is 5.4% (unadjusted data) as reported by the BLS on August 11, 2021. Further monitoring is warranted for this metric.**

30 Year Fixed Mortgage Rates

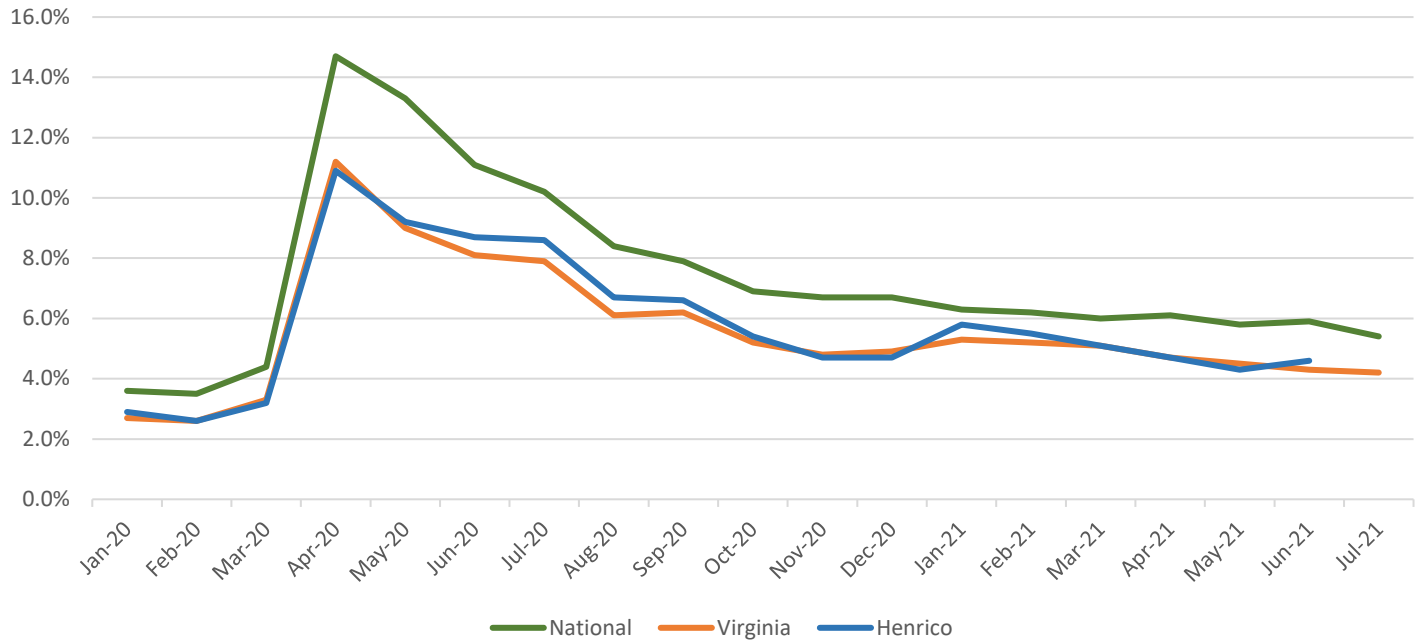


The **30-year fixed rate mortgage** is the most common financing mechanism used by residential home buyers. The interest rate represents the amount a qualified borrower will be charged by a lender over the loan term. **In July 2021 the 30-year fixed mortgage interest rate decreased from 2.98% to 2.87%.** 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

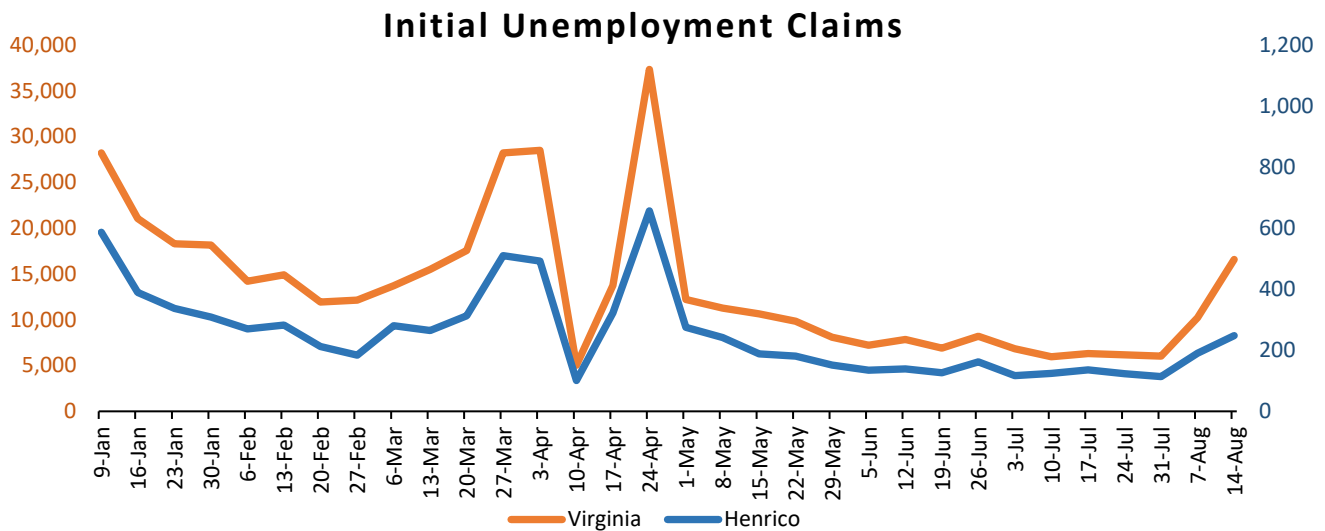
Unemployment Rates



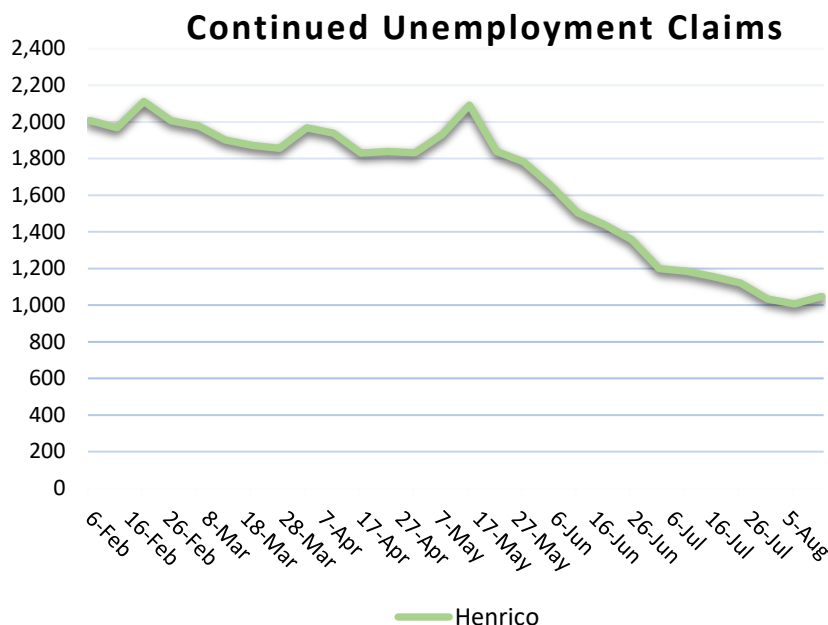
The **Unemployment Rate** shows the number of unemployed people as a percentage of the workforce. Known as the U-3 unemployment rate, an individual must be actively seeking work or laid off to be included. State unemployment data lags roughly six weeks while local unemployment data lags 9 weeks. Note: The most recent data available for State and Local rates are preliminary and may slightly change in future reports. **Unemployment rates in Henrico saw a slight increase over the month of June, rising from 4.3% to 4.6%; at the National and State levels, unemployment rates declined over July. Since Henrico generally trends close to these entities, we may see a responsive decline upon the reporting of July 2021 rates.** 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



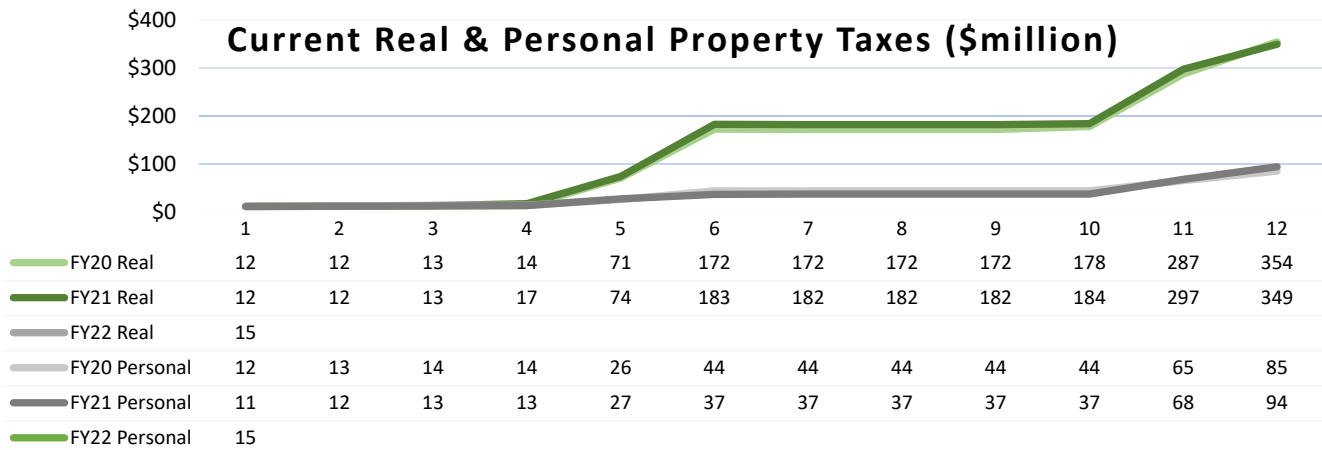
Initial Unemployment Claims act as a measure of recent job loss. Claims remained steady prior to March of 2020 at under 100 for Henrico and under 3,000 for Virginia. Unlike the Great Recession, COVID-19’s effect on the local economy were immediately apparent and in-line with national figures. **Initial Unemployment rates saw a notable increase both in Virginia and Henrico over the first weeks of August.** Henrico claims rose from 114 to 248, while state claims saw an increase of 6,029 to 16,593. Increased considerations in combatting the delta variant and rising vaccination rates may reduce these claims in the following months as unrestrained economic activity resumes.



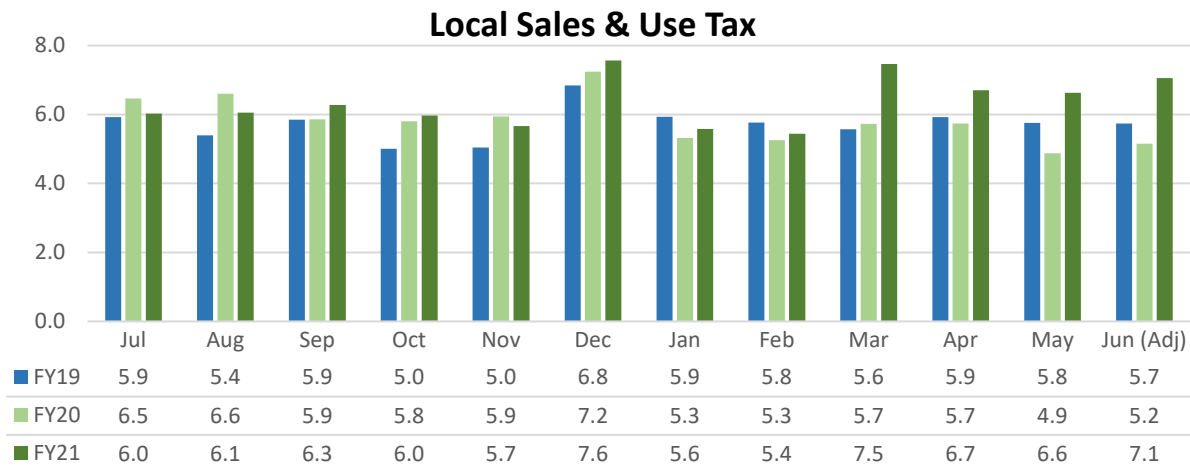
Henrico’s Continued Unemployment Claims reflects the number of individuals that have continued to file a claim after their initial claim. It reflects the lower bound for an unemployment rate. **Continued unemployment claims have generally remained steady over August, with the latest report at 1,047, and continues to near the pre-pandemic average of about 800 claims a week.** However, as indicated by initial unemployment claims, worsening COVID-19 conditions could see this metric to rise once again over time.



Henrico Metrics



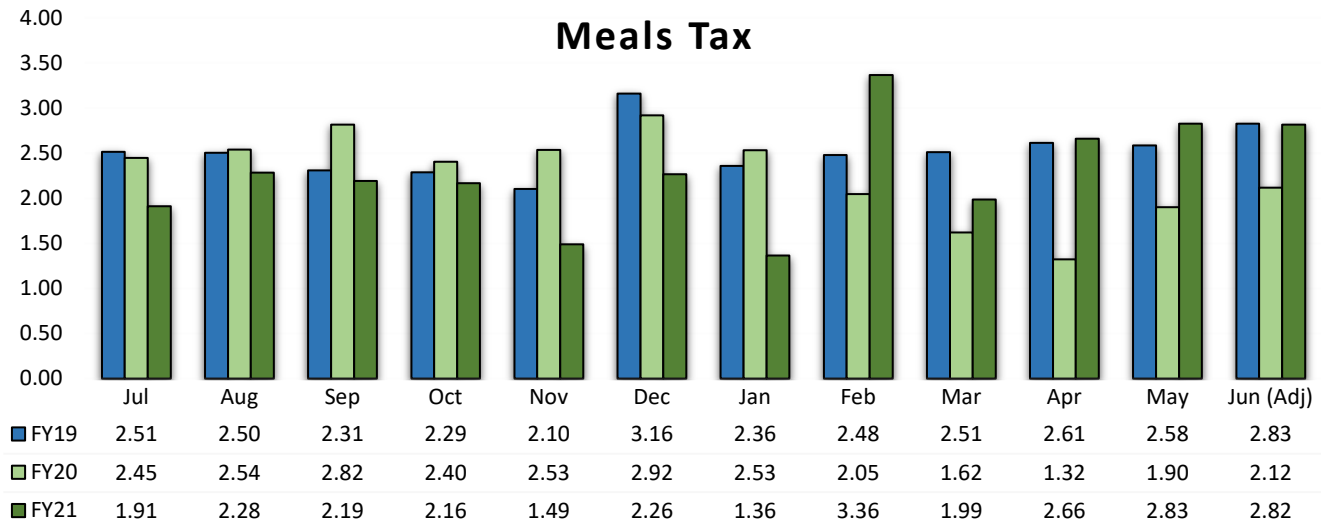
Current Property Taxes include total tax collection for both Real Property and Personal Property. Collections are due twice a year in December and June. **Property Tax collections for the month of July 2021 trended above both July 2020 and July 2019, despite no increase to the County’s effective tax rate.**



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 collections continue to show significant growth with adjusted fiscal year collections 9.2% above FY2020 and 11.2% above FY2019, indicating a resilient local consumer tax base.**



Henrico Metrics

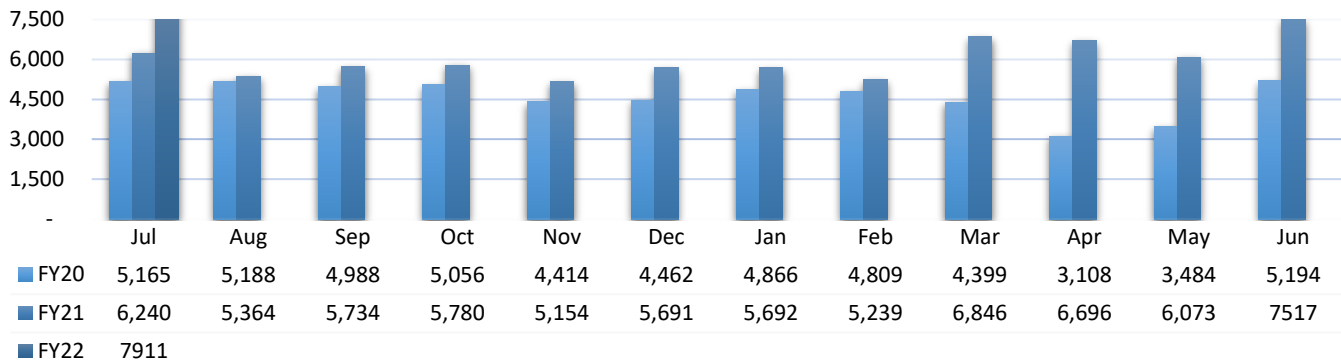


Henrico’s **Meals Tax** provides a 4% tax revenue on prepared food and beverages. Revenue generated by the Meals Tax is dedicated to the operational and capital project needs of Henrico’s Public Schools. Collections are backdated two months and compared as year-over-year monthly collections. **June Collections remained very close to May collections, down to \$2.82 million from \$2.83 million, and exceeded June 2020 collections by \$0.7 million. Total FY21 collections exceeded FY20 collections by 0.46% and continues to near pre-pandemic levels.**

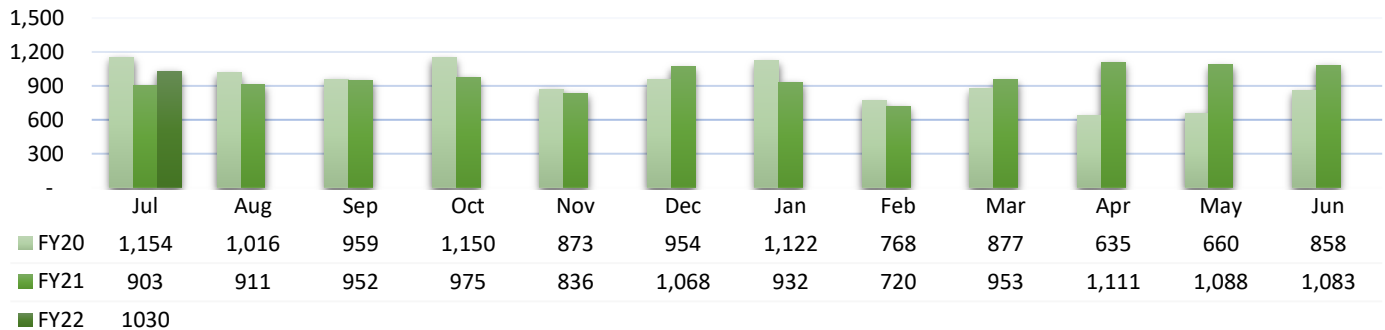


Henrico Metrics

Used Car Registration



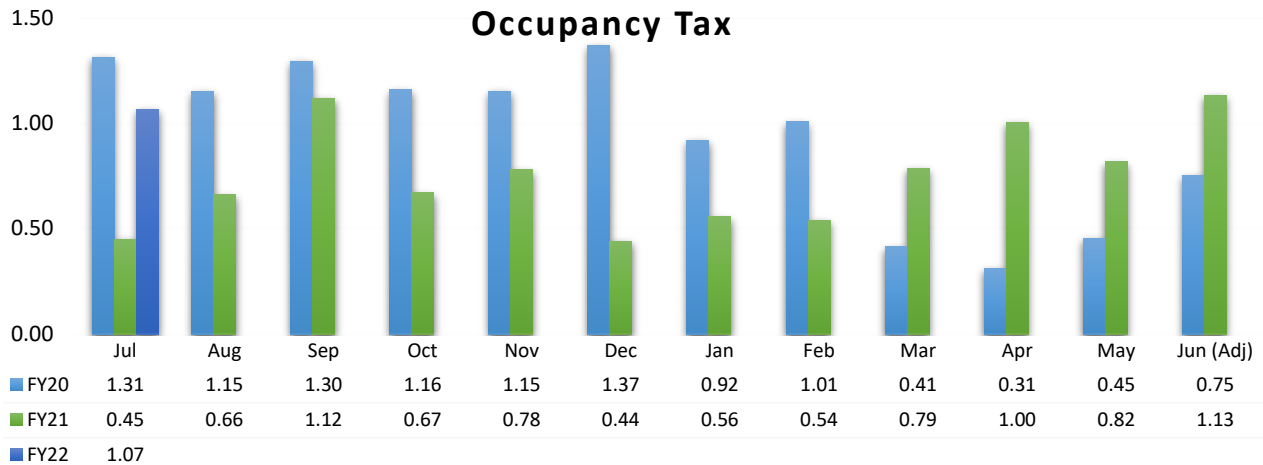
New Car Registration



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 grow into FY22; while new car registrations saw an insignificant decline in July, used car registrations were the highest of any month in the last three years with 7,911 registrations, a 27% increase over July 2021. Increased commerce reinforces the picture of a healthy and active economy.**

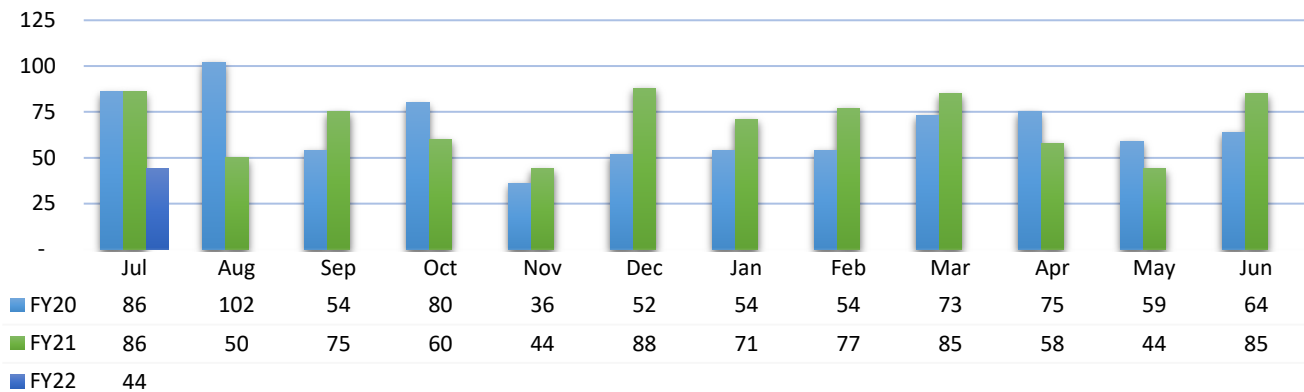


Henrico Metrics



Henrico's **Occupancy Tax** is collected on lodging for overnight stays. **Occupancy Tax collections in July had a slight decline from those of June by 5.9%, a normal fluctuation.** These collections are substantially above those of July 2021 with a 237% increase from that of FY21, though 75.5% of FY19. **In exercising increased caution against the delta variant, Occupancy Tax collections may continue to lag until the situation normalizes and regular travel patterns resume.**

New Residential Construction

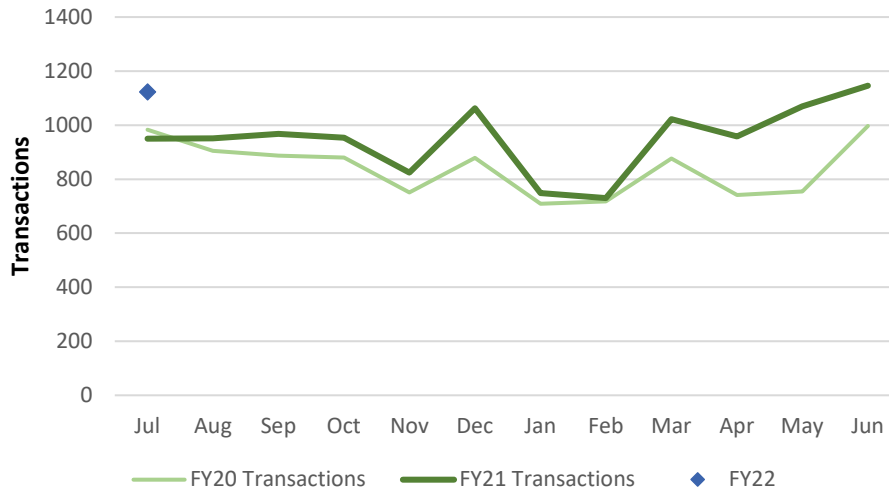


New Residential Construction is comprised of new single-family houses that were issued building permits. A slowdown may indicate worsening economic conditions, increased competition from neighboring localities, or lack of expansion capabilities. **44 construction permits were issued in July, down from June's 85. However, this drop off is cyclical when compared against historic data. Residential construction continues to develop at a normal growth rate.**



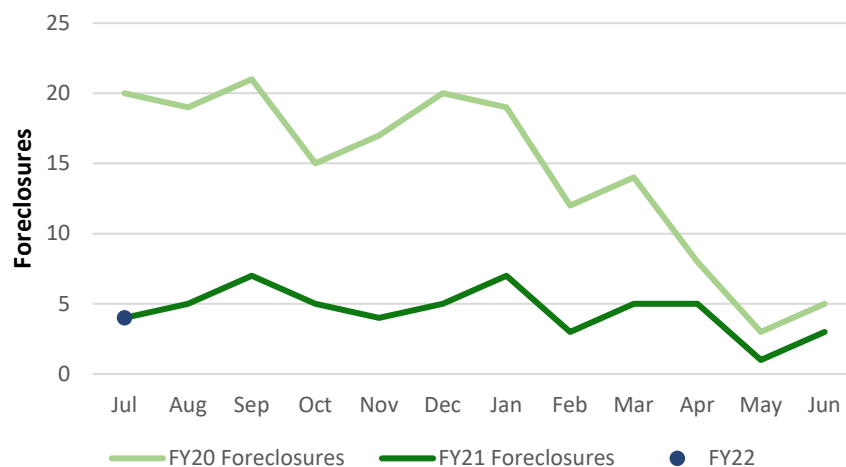
Henrico Metrics

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. **July 2021 residential transactions exceed July 2020 by 18.2% and July 2019 by 14.2%, illustrating the continuation of a booming housing market.**

Residential Foreclosures



Foreclosure numbers remain stable at approximately 5 per month. **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.

