



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, continuing its progression towards – and in some cases achieving – pre-pandemic activity levels. Indicators suggest the economy is also facing factors like inflation, supply chain, and labor challenges. National performance indicators experienced both declines and similar results to those of the November report but continue to demonstrate overall improvement. Initial Unemployment Claims experienced further decline to pre-pandemic levels but lack weekly consistency. Both the housing market and car sales remain strong across the County, demonstrating an active and stimulated market, but one impacted by supply chain and inflationary pressures. Both Sales and Meals tax collections continue to increase on both a monthly and fiscal year to date basis. Finally, air travel continues to show strong passenger activity and improvement when compared to values from earlier this year.

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



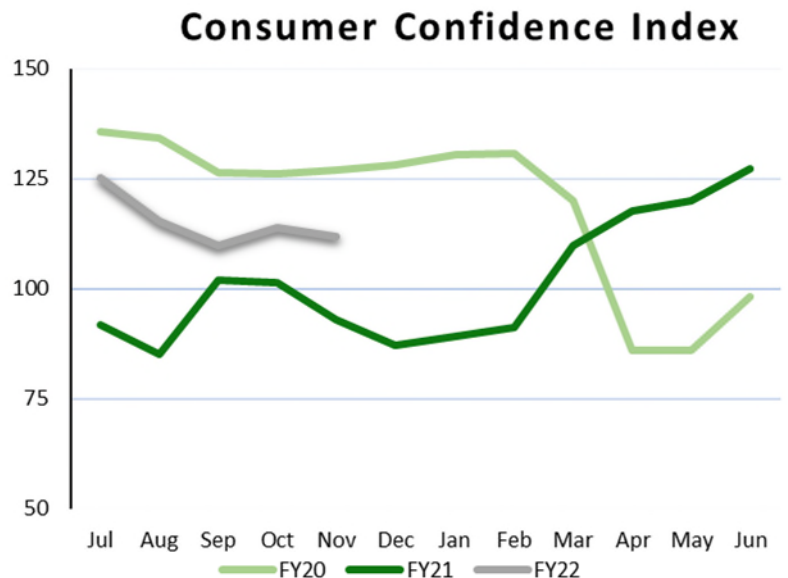
National Metrics

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.



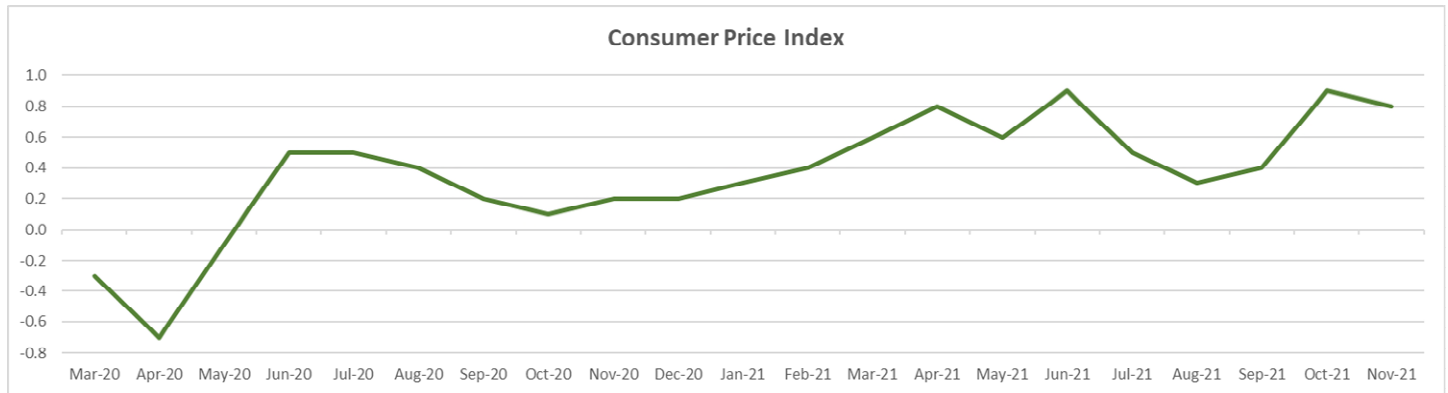
The **S&P 500** is a stock market index measuring the performance of 500 large U.S. companies on stock exchanges and is considered one of the best representations of both the U.S. stock market and economy. **The index continues steady upward growth.** December results are in line with performance over the past several months. The index exceeds pre-pandemic levels by over 1,600 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. **After reaching pre-pandemic levels in June and July, the index has dropped to a range between 109 to 115 over the past 4 months** recording 111.9 in November, down just two points from 113.8 in October, and well above 93 from one year ago. Senior director of Economic Indicators Lynn Franco linked the results to inflation fears and growing COVID concerns.

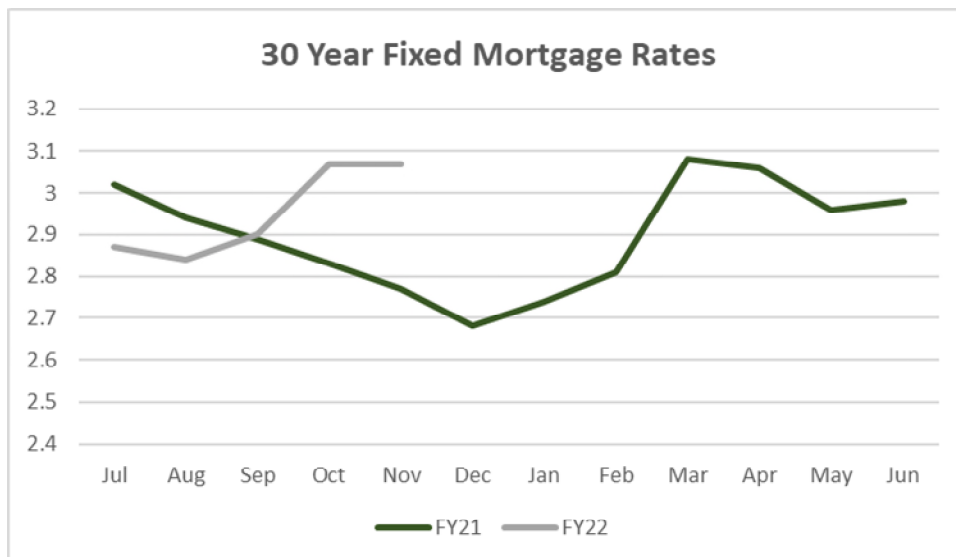




National Metrics



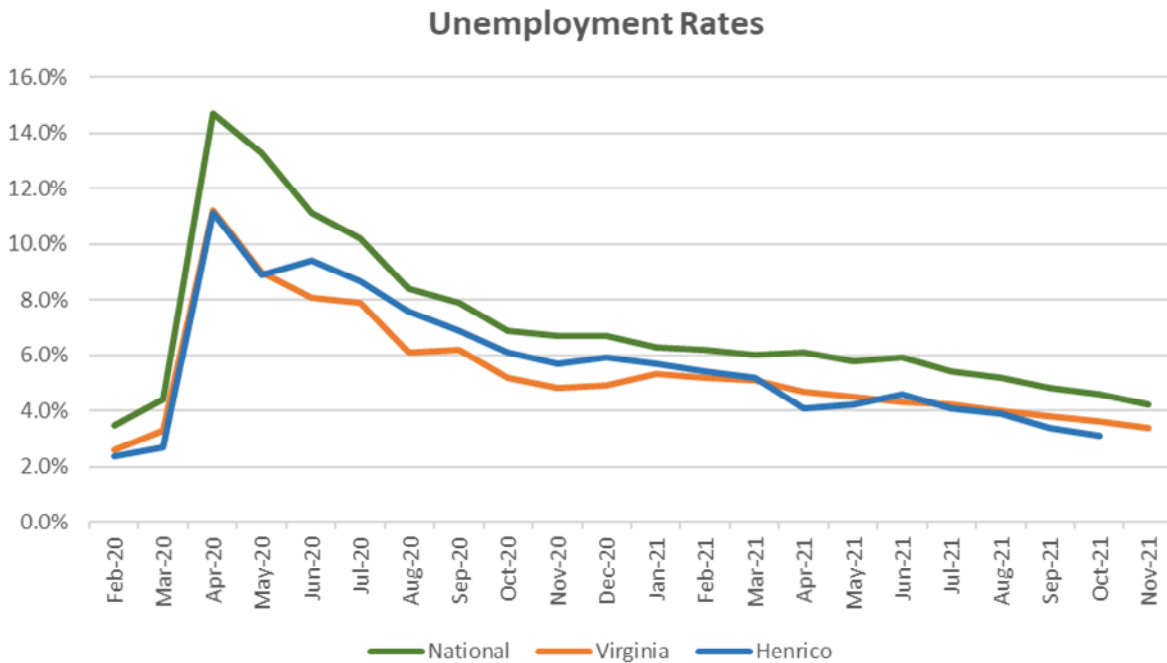
The **Consumer Price Index** is a weighted average of the prices of an identified basket of consumer goods and services used to help monitor inflation. The index provides some insight into the effectiveness of economic policy at the national level, and over-time shows the average change in price that 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 November 2021, the consumer price index increased by 0.8% from October 2021. **This shows increased growth from the previous month and indicates an inflationary trend lasting over 18 months. The current 12-month CPI growth is 6.7% (unadjusted data) as reported by the Bureau of Labor Statistics on December 29, 2021.**



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 November 2021 the 30-year fixed mortgage interest rate remained flat at 3.07%.**



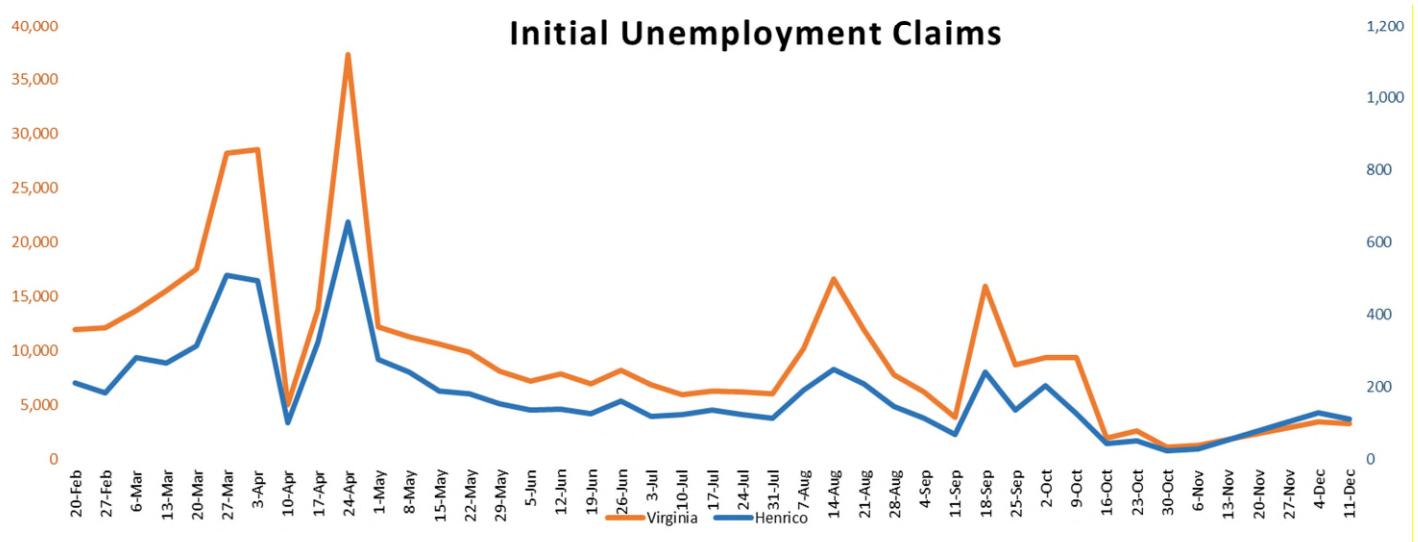
Combined Metrics



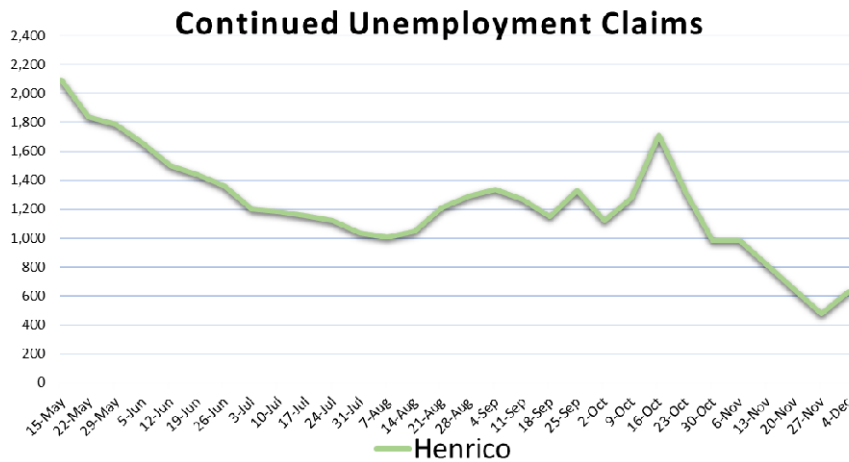
The **Unemployment Rate** shows the number of unemployed people as a percentage of the workforce. Known as the U-3 unemployment rate, an individual must be actively seeking work or laid off to be included. State unemployment data lags roughly six weeks while local unemployment data lags 9 weeks. Note: 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 October to November. In Henrico, unemployment rates also saw a decrease over the month of October, dropping to 3.1% from 3.4% in September. 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



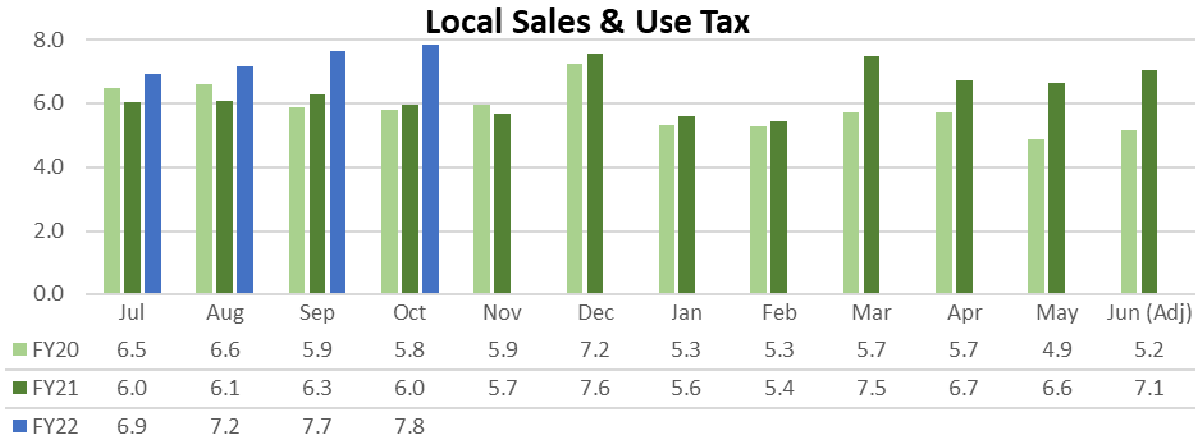
Initial Unemployment Claims act as a measure of recent job loss. Claims remained steady prior to March of 2020 at under 100 for Henrico and under 3,000 for Virginia. Unlike the Great Recession, COVID-19’s effect on the local economy was immediately apparent and in-line with national figures. Initial Unemployment Claims saw a weakening in both Henrico and Virginia through the end of November. **Henrico claims rose from 24 to 110, while state claims rose from 1,088 to 3,310.** Though four of the last six weeks are at pre-pandemic values, they are not yet consistent and have risen again, warranting further monitoring.



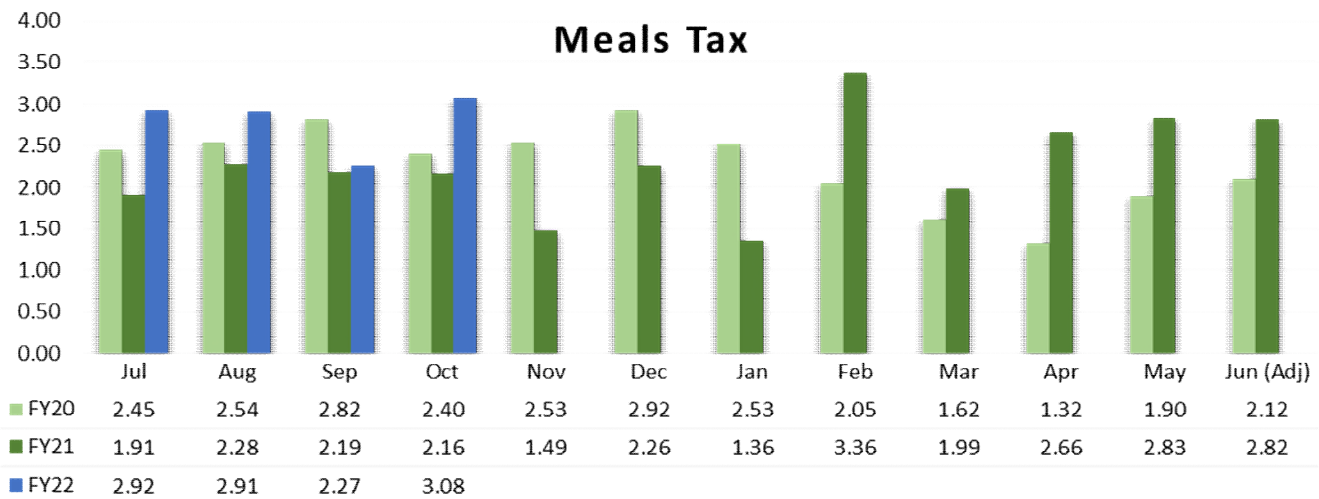
Continued Unemployment Claims reflects the number of individuals that have continued to file a claim after their initial claim. It reflects the lower bound for an unemployment rate. **Continued unemployment claims rose to 629 from a recent low of 479 but still represent the lowest levels since before the pandemic and have finally dropped below 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. **October collections show continued growth to \$7.8 million, compared to \$7.7 million in September, indicating both a resilient local consumer tax base and inflationary factors.**

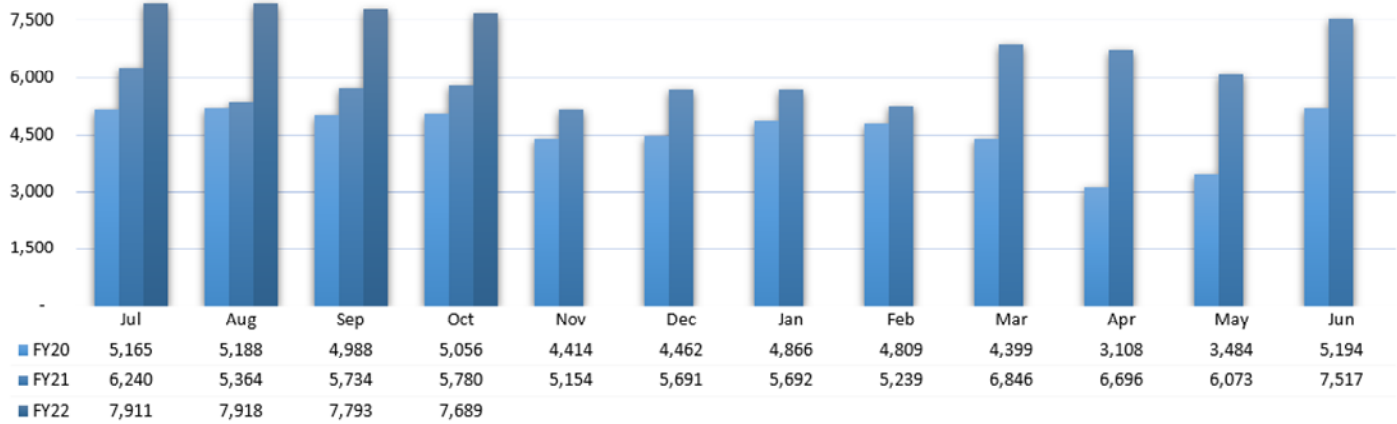


Henrico’s **Meals Tax** provides a 4% tax revenue on prepared food and beverages. Revenue generated by the Meals Tax is dedicated to the operational and capital project needs of Henrico’s Public Schools. Collections are backdated two months and compared as year-over-year monthly collections. **October FY22 collections at \$3.08 million increased significantly compared to September collections at \$2.27 million and exceeded October FY20 collections by \$0.68 million.** Fiscal year to date collections continue to exceed pre-pandemic levels.

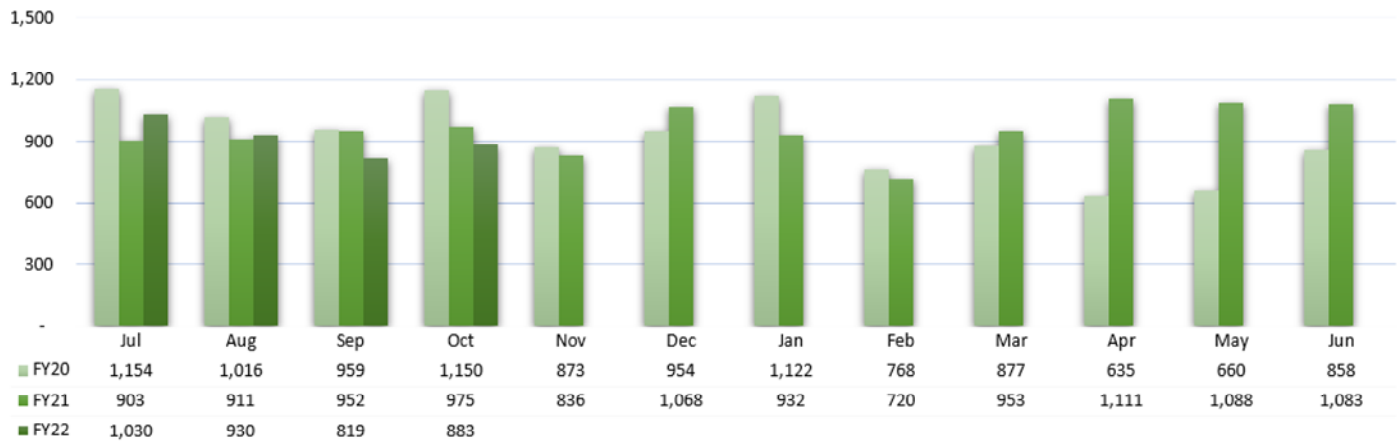


Henrico Metrics

Used Car Registration



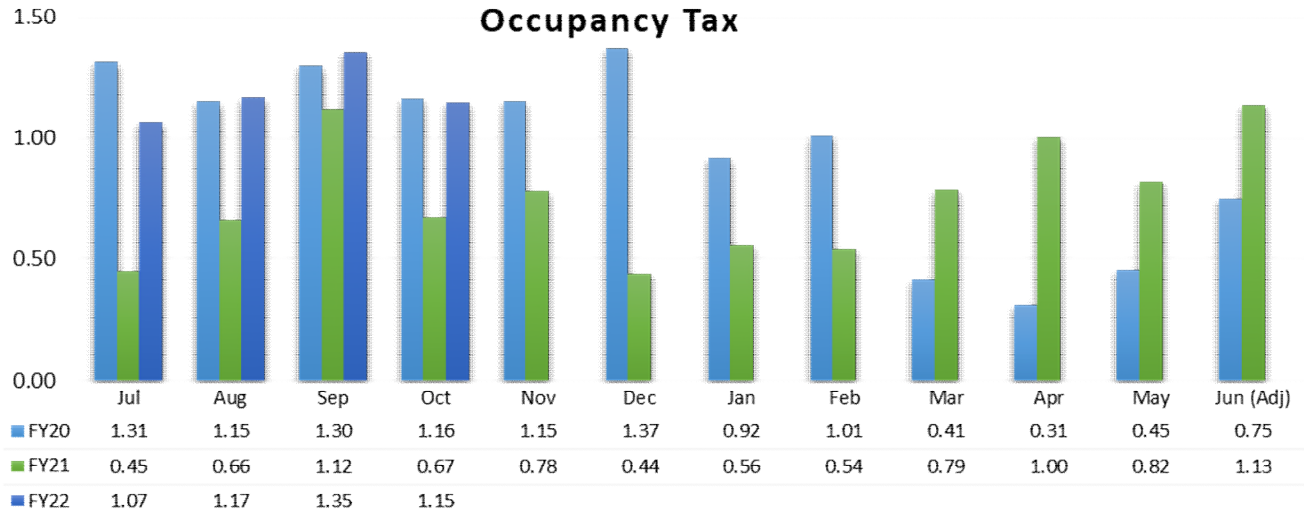
New Car Registration



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 Car Registrations lag prior fiscal year to date by 134 vehicles.** November recorded 781 new car registrations, down from October, and for the third month in a row below prior year. Supply chain issues including the impacts of microchip shortages may contribute to these results. **Used Car Registrations continue to remain strong in FY22, November registrations are 60% higher than registrations in FY21.**

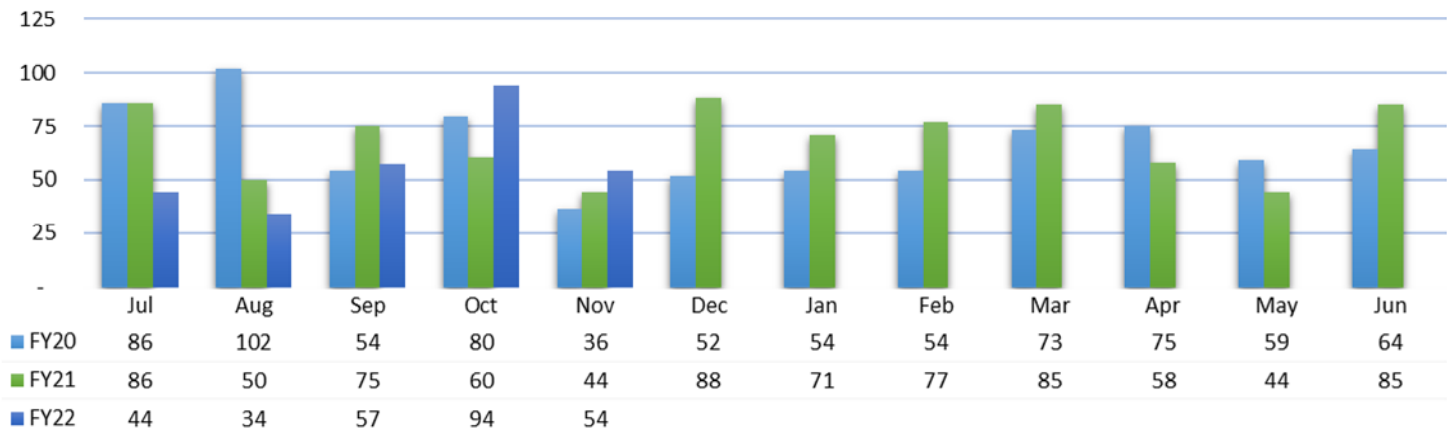


Henrico Metrics



Henrico’s **Occupancy Tax** is collected on lodging for overnight stays. **Occupancy Tax collections in November are still being processed and will be included in next month’s report.**

New Residential Construction

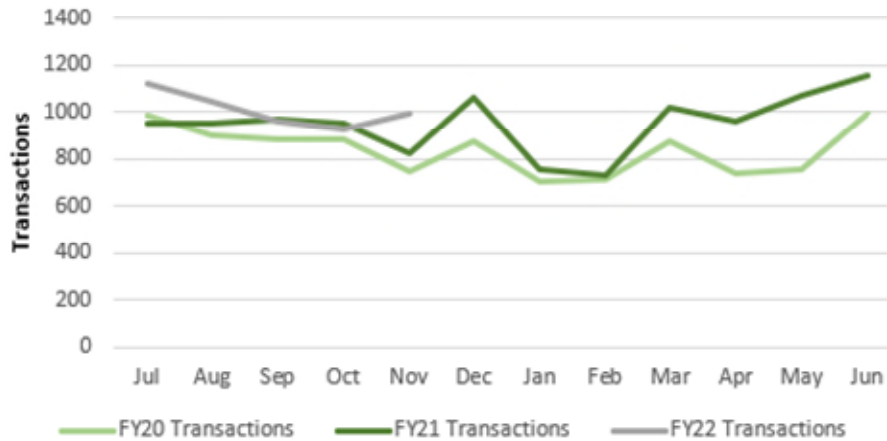


New Residential Construction is comprised of new single-family houses that were issued building permits. A slowdown may indicate worsening economic conditions, increased competition from neighboring localities, or a lack of expansion capabilities. 54 construction permits were issued in November, down from 94 in October. **Fiscal year to date permits still lag FY20 by 21%; this data continues to illustrate the cyclical nature of the permit process.**



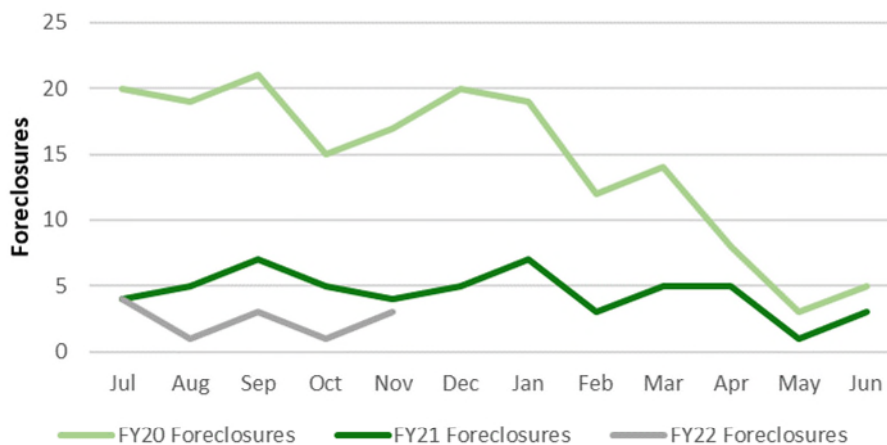
Henrico Metrics

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. **November 2021 residential transactions exceed November 2019 by 5.3%, illustrating the continuation of a strong housing market.**

Residential Foreclosures

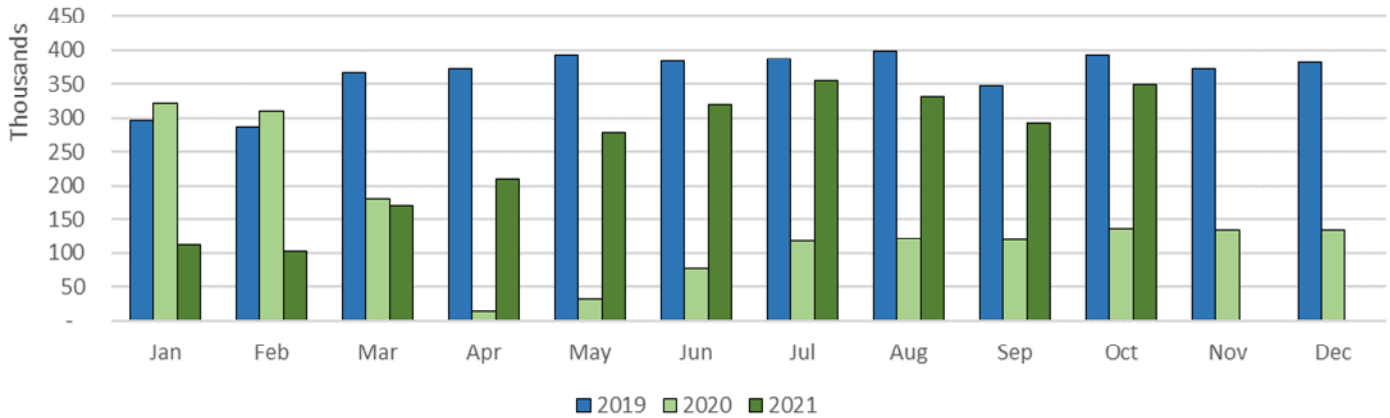


Foreclosure numbers remain stable at approximately 5 per month, with 3 foreclosures in November. **Total foreclosures remain low despite the expiration of the mortgage foreclosure freeze.** The freeze applied to Fannie Mae, Freddie Mac, and FHA loans that account for about half of mortgage loans in the 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. **October 2021 brought a continued strong level of air travel of 348,862 passengers. A 16.7% increase from September, it continues a trend towards pre-pandemic numbers and significant improvement when compared to the first six months of the calendar year.**



Summary of Financials

Period Ended November 30, 2021

	FY22 Approved Budget	FY22 Revised Budget	FY22 YTD Actuals	FY22 Projected Amounts	Projected FY22 Actual	Over (Under) Budget
Local Revenues	\$ 734,121,200	\$ 734,121,200	\$ 193,050,895	\$ 579,974,806	\$ 773,025,701	\$ 38,904,501
State Revenues	393,652,040	393,652,040	133,565,695	268,465,802	402,031,497	8,379,457
Federal Revenues	385,000	385,000	64,242	340,758	405,000	20,000
Total General Fund Revenues	\$ 1,128,158,240	\$ 1,128,158,240	\$ 326,680,833	\$ 878,781,366	\$ 1,175,462,198	\$ 47,303,958
General Government Expenditures	\$ 423,005,103	\$ 438,964,340	\$ 177,904,203	\$ 265,155,967	\$ 443,060,170	\$ (4,095,831)
Education Expenditures	560,920,241	578,721,795	170,725,835	399,315,133	570,040,968	8,680,827
Total General Fund Expenditures	\$ 983,925,344	\$ 1,017,686,135	\$ 348,630,038	\$ 664,471,101	\$ 1,013,101,139	\$ 4,584,996

This **Summary of Financials, Period Ended November 30, 2021**, provides an overview of projected and actual revenues and expenditures for FY22.