



### 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 February continues prior month trends of mixed economic results across several performance indicators. The S&P 500 experienced a notable decline as well as consumer confidence seen in the middle-aged and middle-class. The Consumer Price Index rose by 0.5% in January, 40 basis points higher than December's increase of 0.1%. This increase is higher than expectations of the fed and many economists. The higher-than-expected result has raised speculation of larger and more prolonged fed funds rate increases as the Federal Reserve remains focused on taming inflation. Local housing market indicators show a decrease in the median sales price of homes in the County and an uptick in the average days on market, early indicators of cooling in the housing market. This news accompanies a flatline in 30-year fixed interest mortgage rates. Median Sales Price in the month of December dropped from \$329,900 to \$315,000 or 4.7%. While this is the lowest recorded median since February 2022, additional data is needed to see if this trend is sustained. Real Property Tax collections for January FY23 exceeded January FY22 totals by \$19 million due to the assessment value increases seen in 2022 compared to those in 2021.

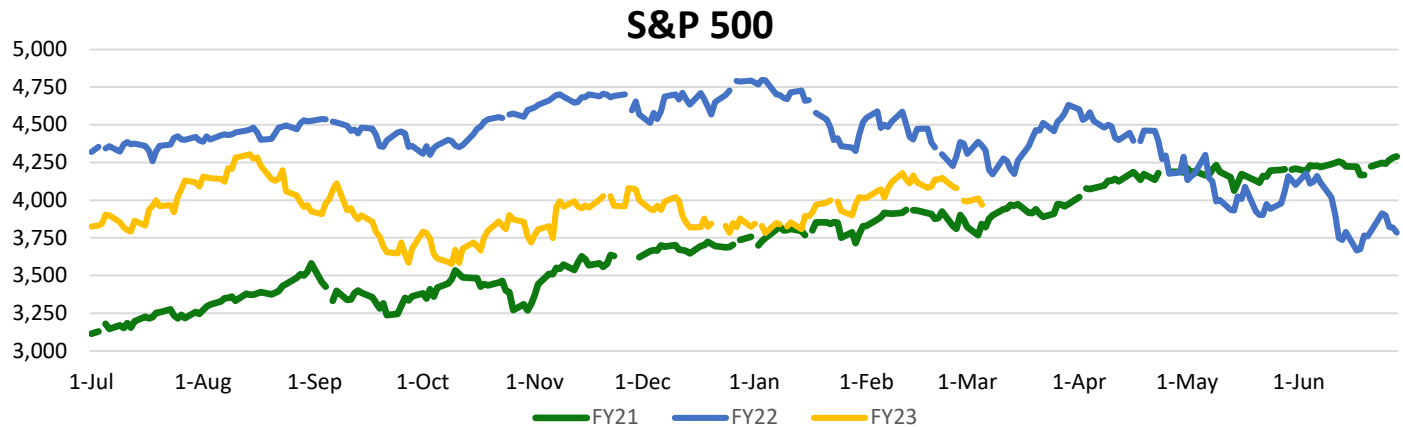
### Metrics Considered

- **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



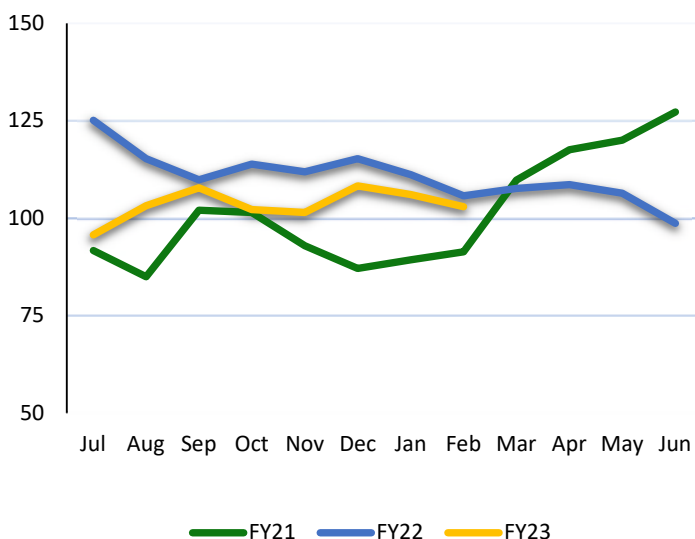
## National Metrics

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 receded slightly during the month of February, losing approximately 107 points since the close of January<sup>1</sup>.**

## Consumer Confidence Index



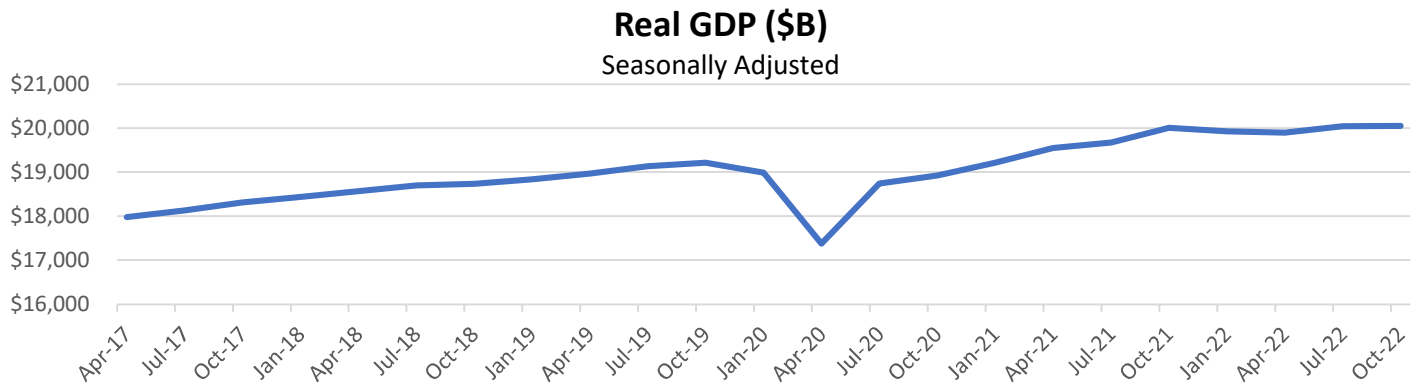
The **Consumer Confidence Index** is a monthly survey given to 5,000 random households gathering opinions on present situations and future expectations. It is benchmarked to 1985 (100) and best compared by reviewing month over month changes. **In February the index dropped from 106.0 to 102.9. This decrease was driven primarily by significant drops in confidence for households aged 35 to 54 and households earning \$35,000 or more<sup>2</sup>.**

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

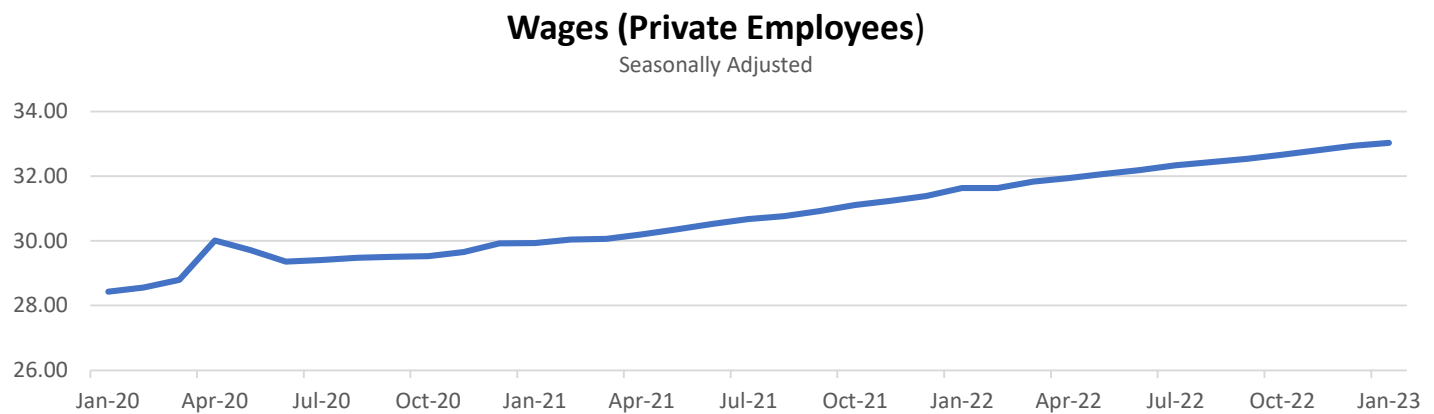
<sup>2</sup> The Conference Board; [US Consumer Confidence \(conference-board.org\)](https://www.conference-board.org/data/consumer-confidence/)



## National Metrics



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 fourth quarter of 2022, real GDP increased by 0.1%<sup>3</sup>, up 0.8% from Q2 2022, reversing the decline experienced in the first two quarters of the year.**



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 January, the average hourly wage increased to \$33.03. This rise of \$0.10 from December represents a 0.3% increase<sup>4</sup>.** The last time wages decreased from the prior month was in June 2020 reflecting impacts of the pandemic.

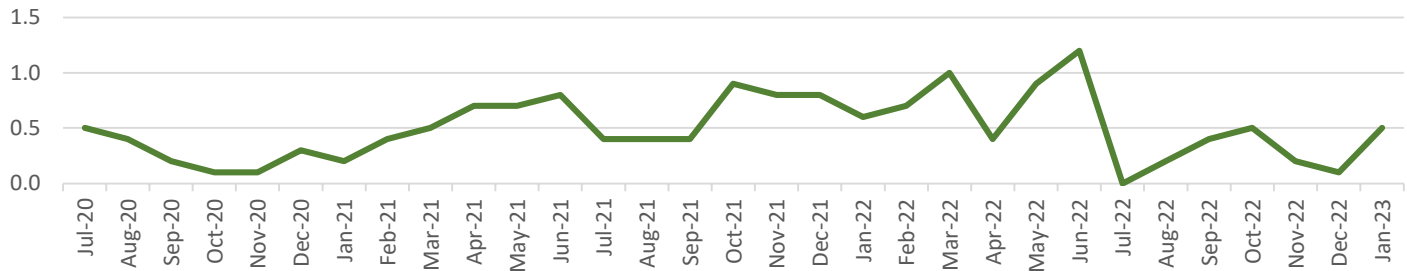
<sup>3</sup> Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/GDP>; GDP data is published quarterly.

<sup>4</sup> Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/CES050000003>



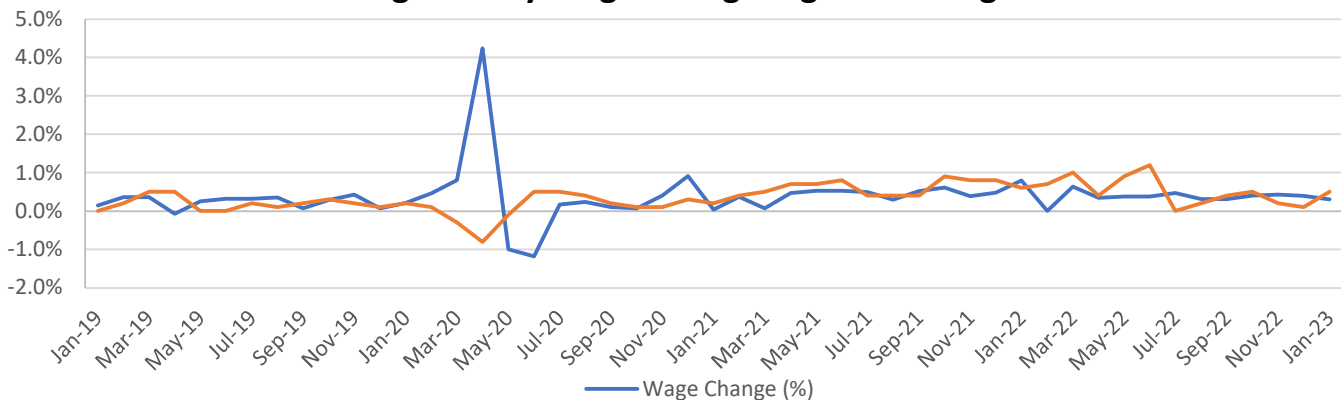
## National Metrics

### 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 January 2022, the consumer price index rose by 0.5%<sup>5</sup>. This marks a significant increase compared to December’s rise of 0.1%.** The current 12-month CPI growth is 6.9% (unadjusted) as reported by the Bureau of Labor Statistics. This is 1.0% less than the trailing 12-month average of 7.9%, indicating continued inflation less than that of last year.

### Average Hourly Wage Changes against Changes in CPI



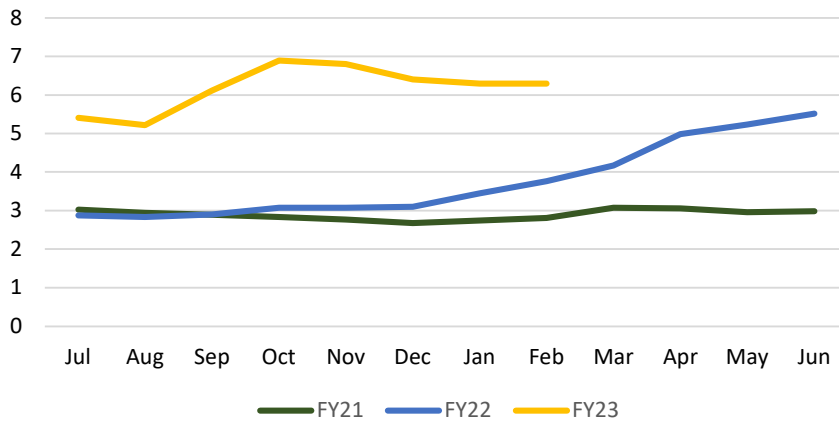
**Average Hourly Wage Changes against Changes in the Consumer Price Index** analyzes the relationship between national wages and consumer pricing, and more loosely, its affiliate inflation. It should be noted that this graph encompasses month over month changes, with both metrics demonstrating continuous upwards growth over the past 2 years of recorded data. **January’s monthly wage growth of 0.3% was lower than the CPI’s 0.5% growth, a negative outcome for consumer buying power.**

<sup>5</sup> U.S. Bureau of Labor Statistics; [Bureau of Labor Statistics Data \(bls.gov\)](https://www.bls.gov)



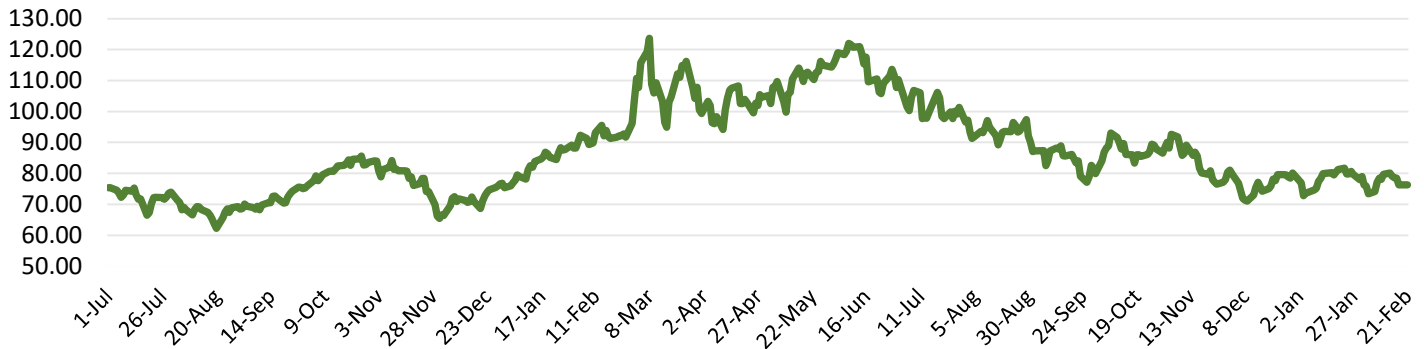
## National Metrics

### 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 February of 2023, the 30-year fixed mortgage interest rate remained flat at 6.3%<sup>6</sup>.** 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 February pricing was recorded at \$76.28, a 38.3% decline from March's peak and a return to prices comparable to December 2021<sup>7</sup>.** 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.

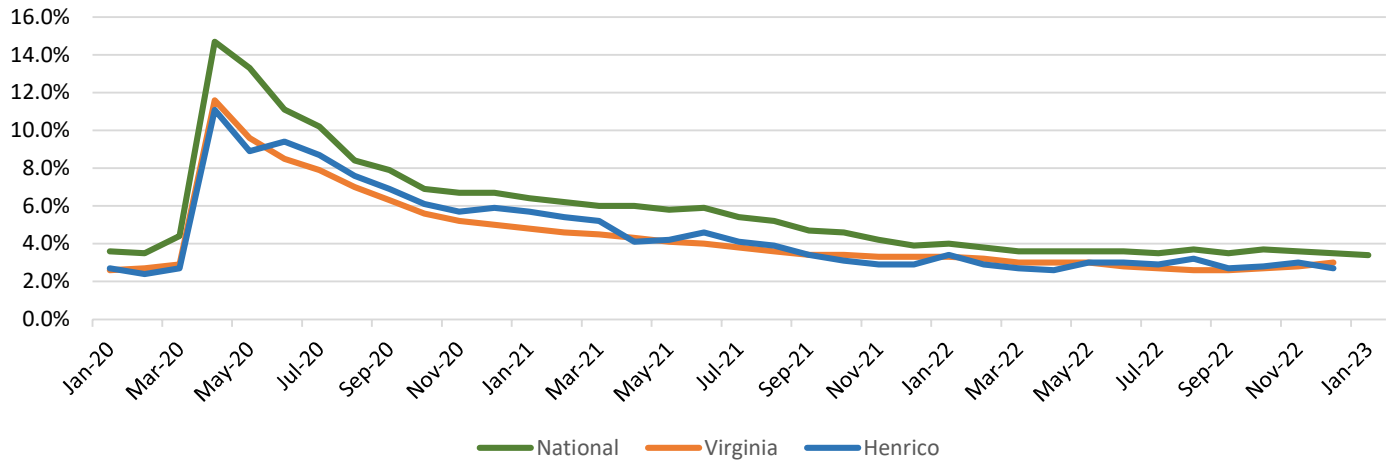
<sup>6</sup> Freddie Mac; [30-Year Fixed-Rate Mortgages Since 1971 - Freddie Mac](#)

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



## Combined Metrics

### Unemployment Rates



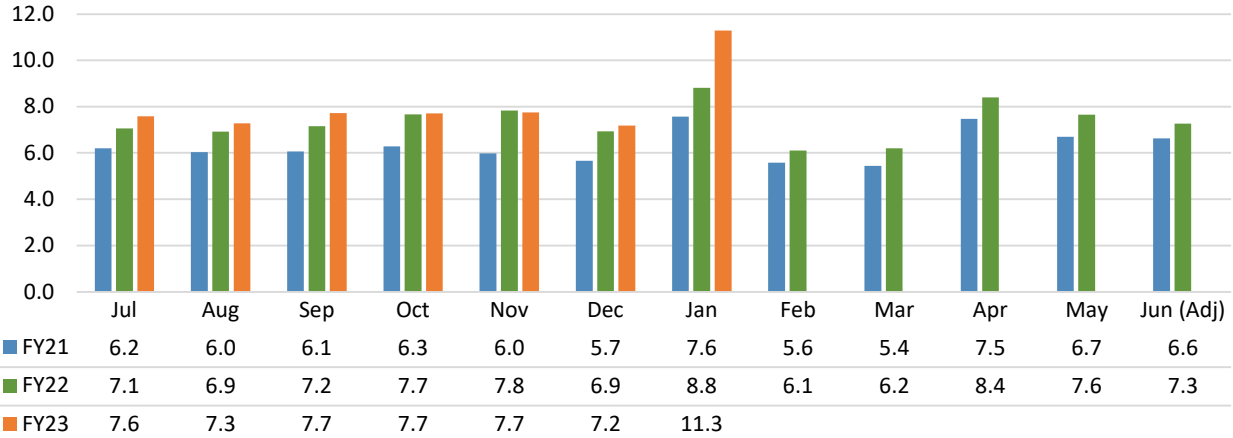
The **Unemployment Rate** shows the number of unemployed people as a percentage of the workforce. Known as the U-3 unemployment rate, an individual must be actively seeking work or laid off to be included. State unemployment data lags roughly six weeks while local unemployment data lags 9 weeks. **In the month of January, the unemployment rate dropped 0.1% at the national level. In the month of December, the state unemployment rate rose 0.2%, while Henrico's decreased by 0.3%**<sup>8</sup>. 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.

<sup>8</sup> US Bureau of Labor Statistics; <https://data.bls.gov/lausmap/showMap.jsp>



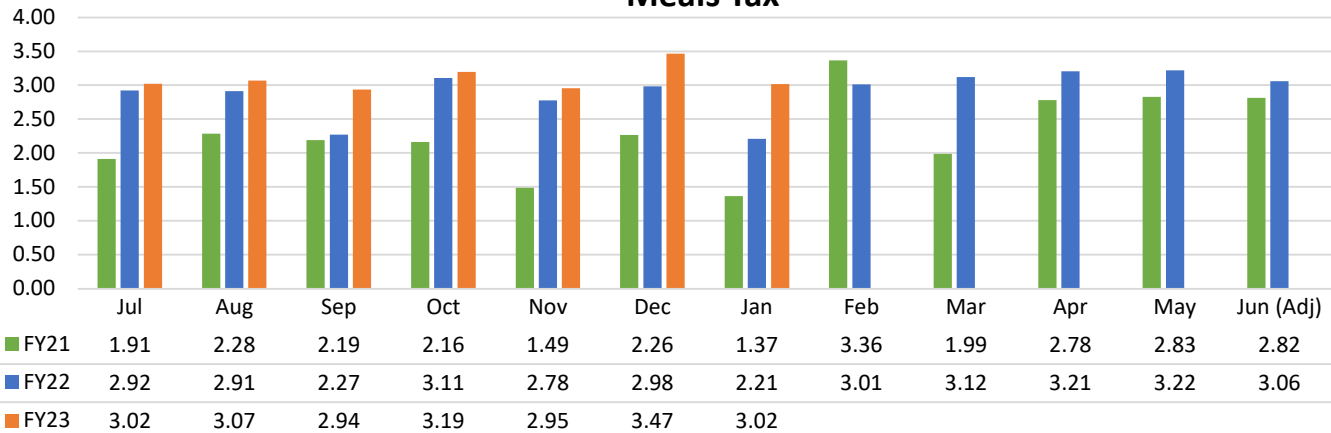
### Henrico Metrics

#### 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. **January data recorded collections of \$11.3 million, 28.0% higher than the same period in FY22<sup>9</sup>.**

#### Meals Tax



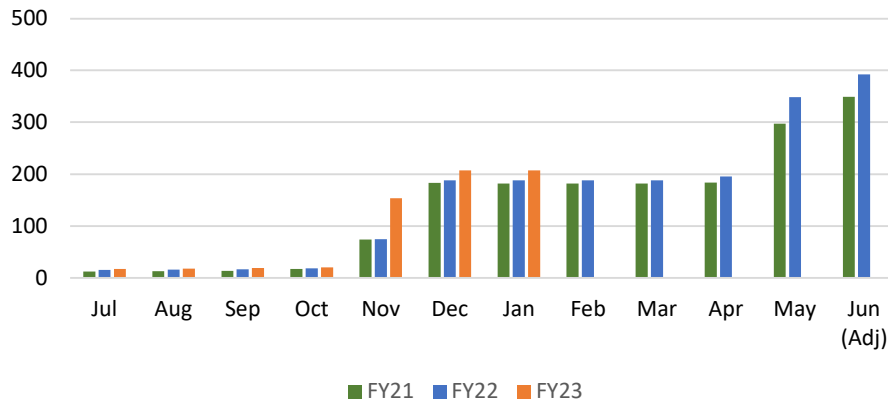
Henrico’s **Meals Tax** establishes a 4% tax on prepared food and beverages. Revenue generated by the Meals Tax is dedicated to the operational and capital project needs of Henrico’s Public Schools. Collections are backdated two months and compared as year-over-year monthly collections. **January FY23 collections at \$3.02 million represent an increase of \$0.81 million over January 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.

<sup>9</sup> Henrico County Office of Management and Budget (OMB); All subsequent data is courtesy of the Henrico County OMB unless denoted otherwise



## Henrico Metrics

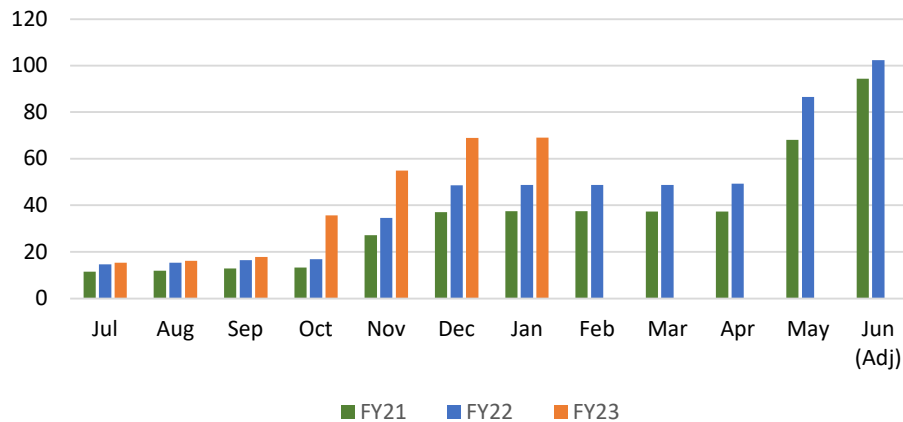
**Real Property Taxes**  
(\$ Millions)



**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 the month of January FY23**

**exceeded those of January FY22 by \$19 million. Increased collections reflect assessment increases experienced nationwide.** 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 1<sup>st</sup> of each year to establish valuations. Collections are due twice a year in December and June. **Collections for the month of**

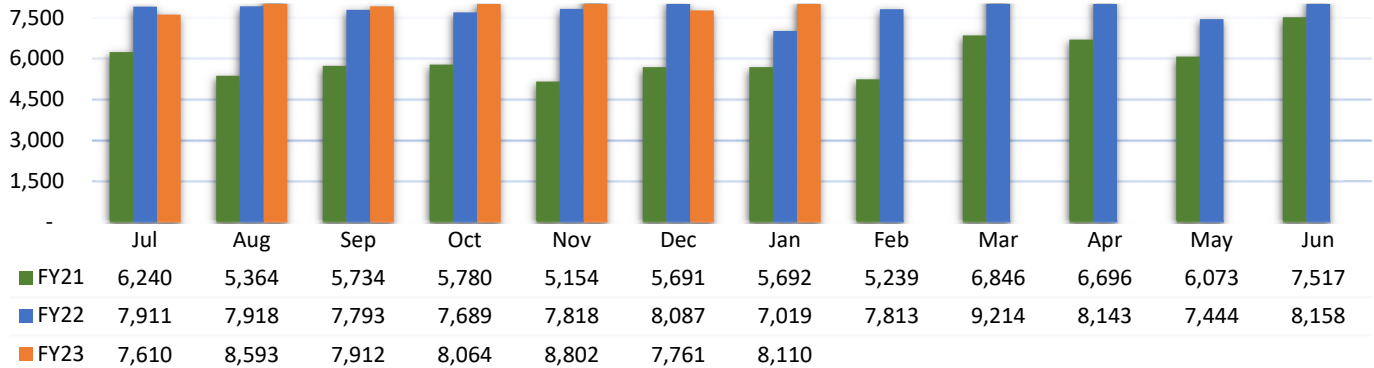
**January FY23 were \$20 million above January FY22.** Personal Property tax collections will reflect significant increases in used vehicle assessments. These increases are the result of price volatility in the used vehicle market due to supply chain shortages. The Board of Supervisors approved \$21.5 million in rebate relief. Citizens of the County received \$0.52 per \$100 of assessed value refunded back to them.



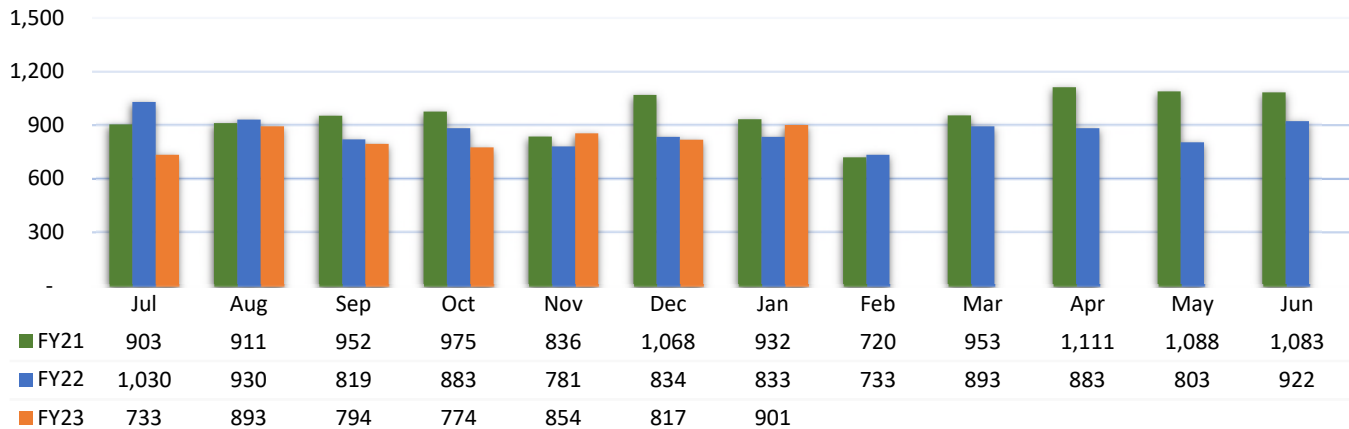


## Henrico Metrics

### 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 January recorded 8,110, 1,091 higher than December of FY22. New Car Registration in December recorded 901, 68 higher than December of FY22.**

