



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 (FY21) and compare it to the current year (FY22). Data for FY22 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 exhibiting normal market fluctuations in the continuing progression towards – and in some cases achieving – pre-pandemic activity levels. Indicators suggest the economy is facing factors like inflation, supply chain, labor challenges, and the Omicron variant. National performance indicators experienced both declines and similar results to those of the December report but continue to demonstrate overall improvement. The S&P 500 exhibited challenging results. Initial Unemployment Claims experienced further improvement to pre-pandemic levels but continues to 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 market pressures. Both Sales and Meals tax collections continue to increase at or near historic levels 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

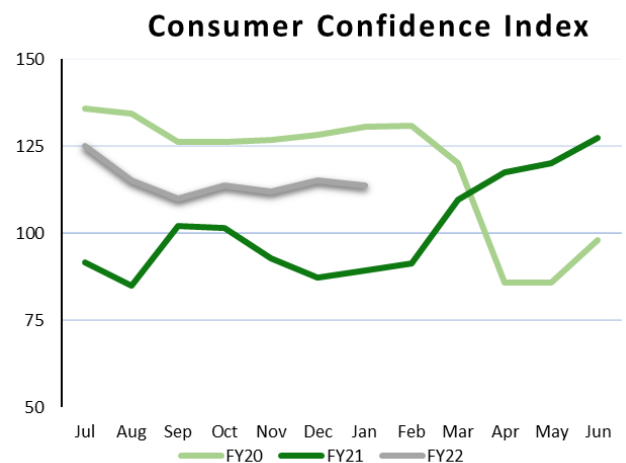
These indicators provide a mix of hard financial data as well as consumer consensus surveys to provide a macroeconomic and microeconomic view of the United States.



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.

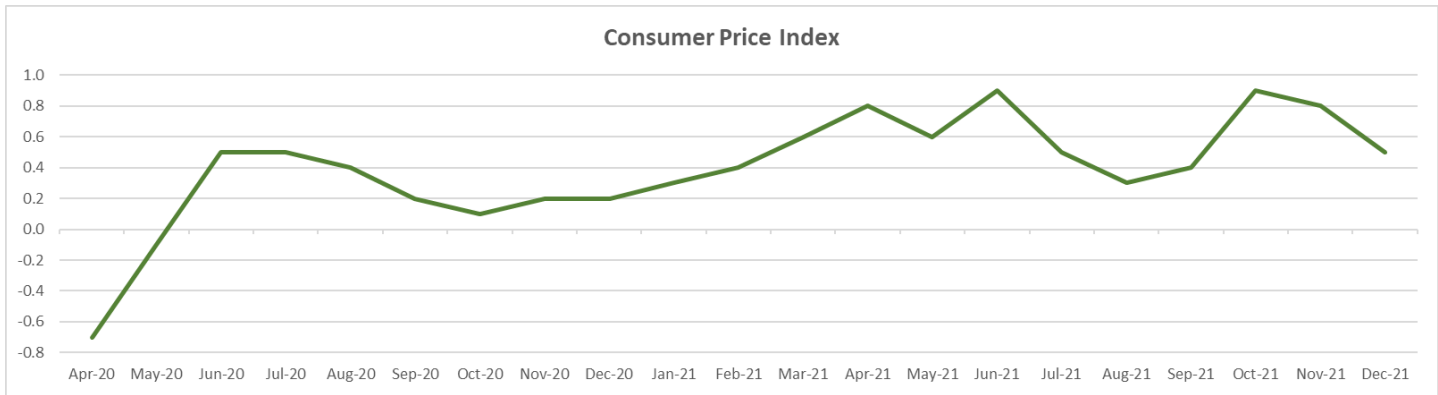
The index continues steady upward growth. January results reflect short term losses eliminating gains from back to October but remain in line with performance over the past several months. The index exceeds pre-pandemic levels by over 1,000 points. The **Consumer Confidence Index** is a monthly survey 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**

6 months recording 113.8 in January, down just one point from 115.2 in December, and well above 89 from one year ago. Senior Director of Economic Indicators Lynn Franco linked the results to shrinking but still elevated inflation fears amid ongoing Omicron concerns.

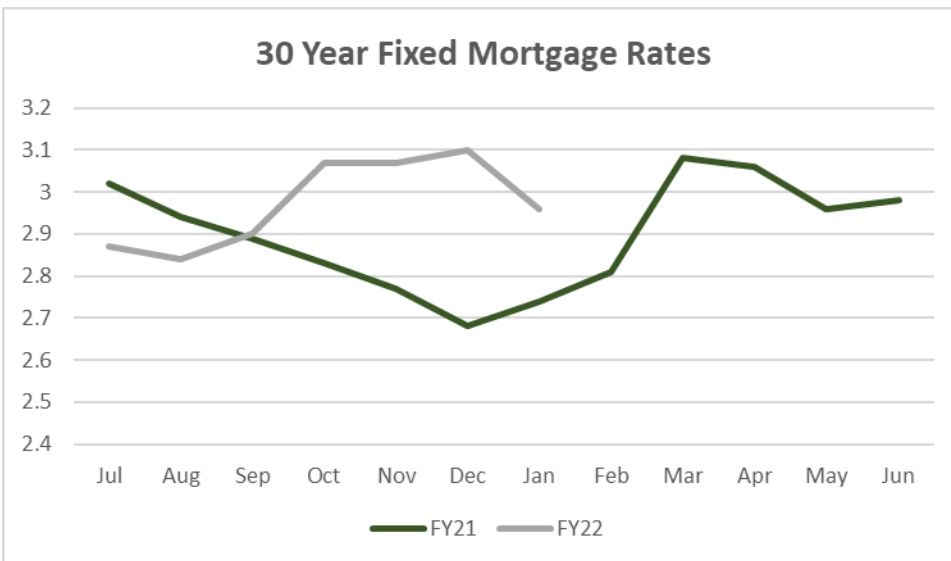




National Metrics



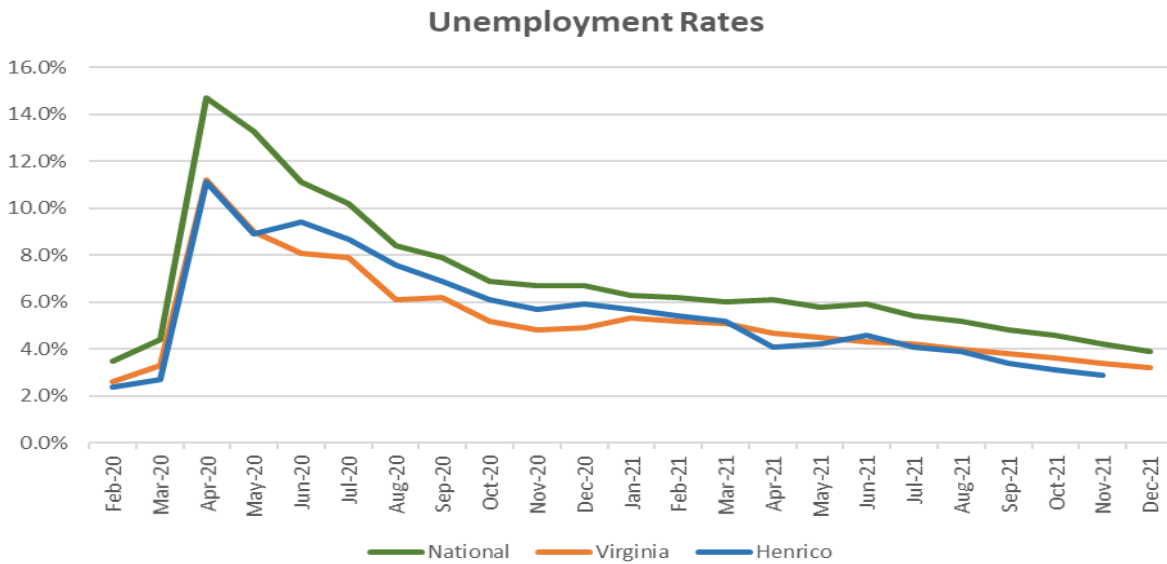
The **Consumer Price Index** is a weighted average of the prices of an identified basket of consumer goods and services used to help monitor inflation. The index provides some insight into the effectiveness of economic policy at the national level, and over-time shows the average change in price that 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 December 2021, the consumer price index increased by 0.5% from November 2021. **This shows increased growth from the previous month and indicates an inflationary trend lasting over 20 months. The current 12-month CPI growth is 7.0% (unadjusted data) as reported by the Bureau of Labor Statistics on January 26, 2022.**



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 January 2022 the 30-year fixed mortgage interest rate declined to 2.96%.**



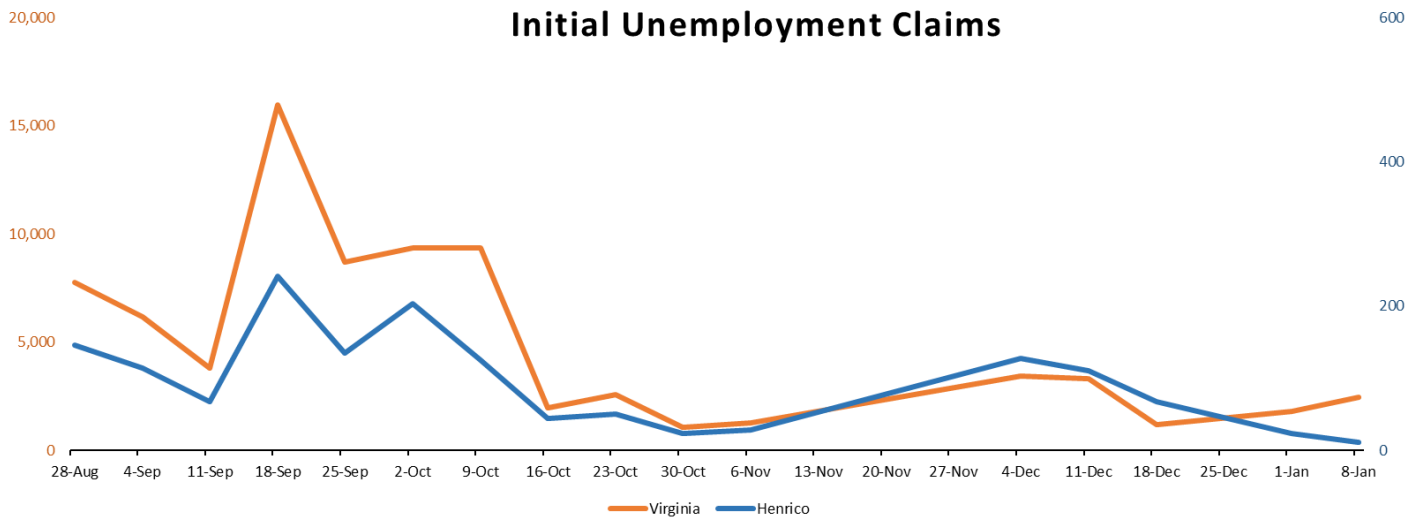
Combined Metrics



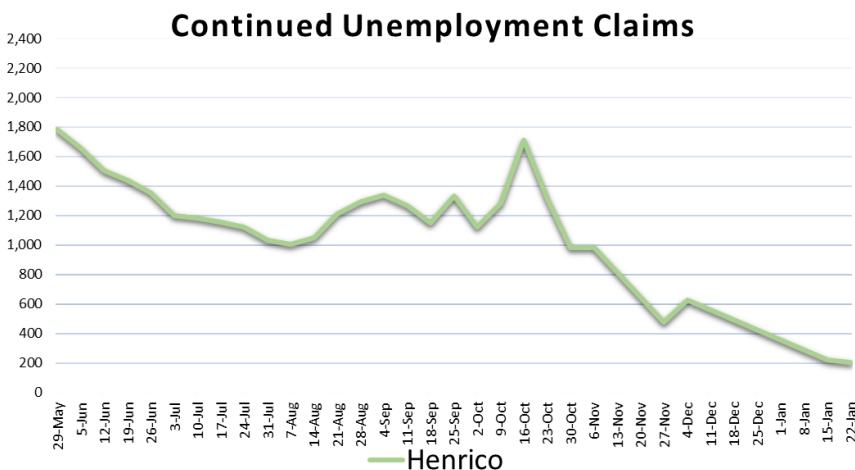
The **Unemployment Rate** shows the number of unemployed people as a percentage of the workforce. Known as the U-3 unemployment rate, an individual must be actively seeking work or laid off to be included. State unemployment data lags roughly six weeks while local unemployment data lags 9 weeks. Note: 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 November to December. In Henrico, unemployment rates also saw a decrease over the month of November, dropping to 2.9% from 3.1% in October. 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



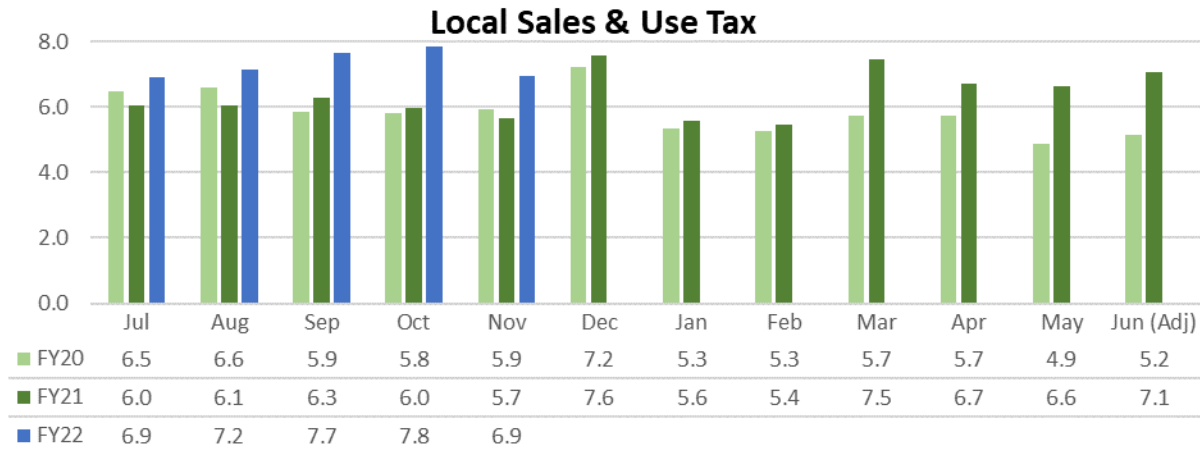
Initial Unemployment Claims act as a measure of recent job loss. Claims remained steady prior to March of 2020 at under 100 for Henrico and under 3,000 for Virginia. Unlike the Great Recession, COVID-19’s effect on the local economy was immediately apparent and in-line with national figures. Initial Unemployment Claims saw a weakening in Virginia through the beginning of January. **Henrico claims decreased from 110 to just 11, while state claims decreased from 3,310 to 2,443 after dipping to a recent low of 1,204.** Though seven of the last nine weeks are at pre-pandemic values, they are not yet consistent and have risen again, warranting continued monitoring.



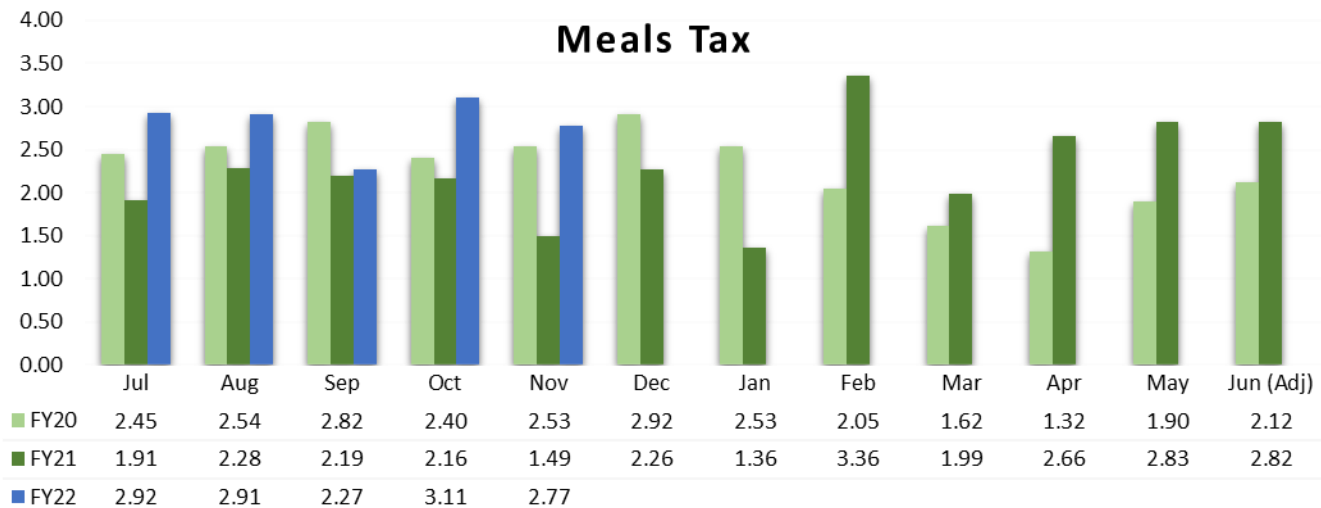
Continued Unemployment Claims reflects the number of individuals that have continued to file a claim after their initial claim. It reflects the lower bound for an unemployment rate. **Continued unemployment claims dropped to 206, a new recent low from the prior low of 479 and represents the lowest levels since before the pandemic --- finally dropping 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. **November collections remain strong but reflect seasonal reduction to \$6.9 million, compared to \$7.8 million in October, indicating both a resilient local consumer tax base and inflationary factors.**

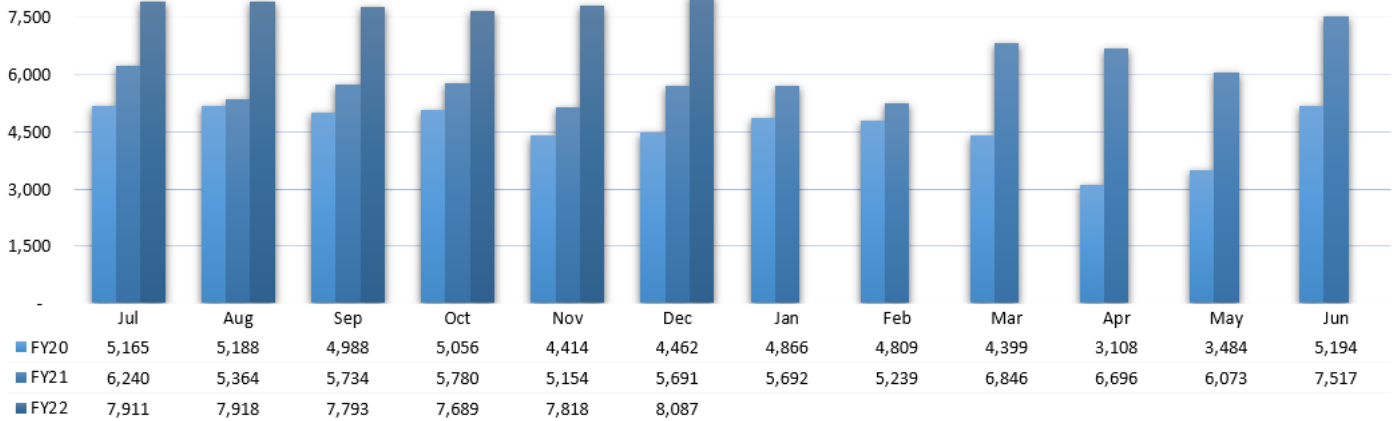


Henrico's **Meals Tax** provides a 4% tax revenue on prepared food and beverages. Revenue generated by the Meals Tax is dedicated to the operational and capital project needs of Henrico's Public Schools. Collections are backdated two months and compared as year-over-year monthly collections. **November FY22 collections at \$2.77 million decreased compared to October collections at \$3.11 million and exceeded October FY20 collections by \$0.24 million.** Fiscal year to date collections continue to exceed pre-pandemic levels.

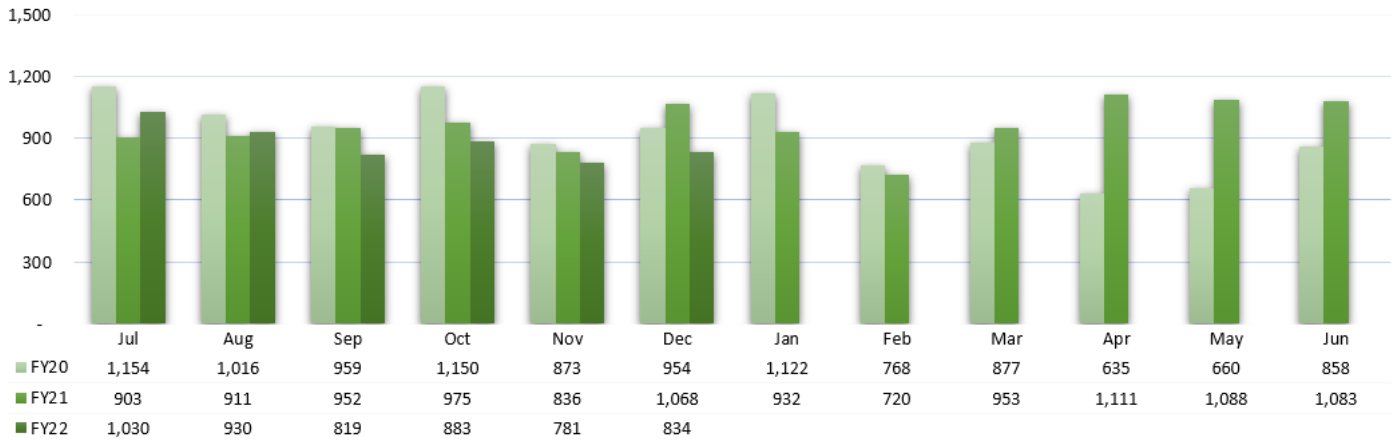


Henrico Metrics

Used Car Registration



New Car Registration

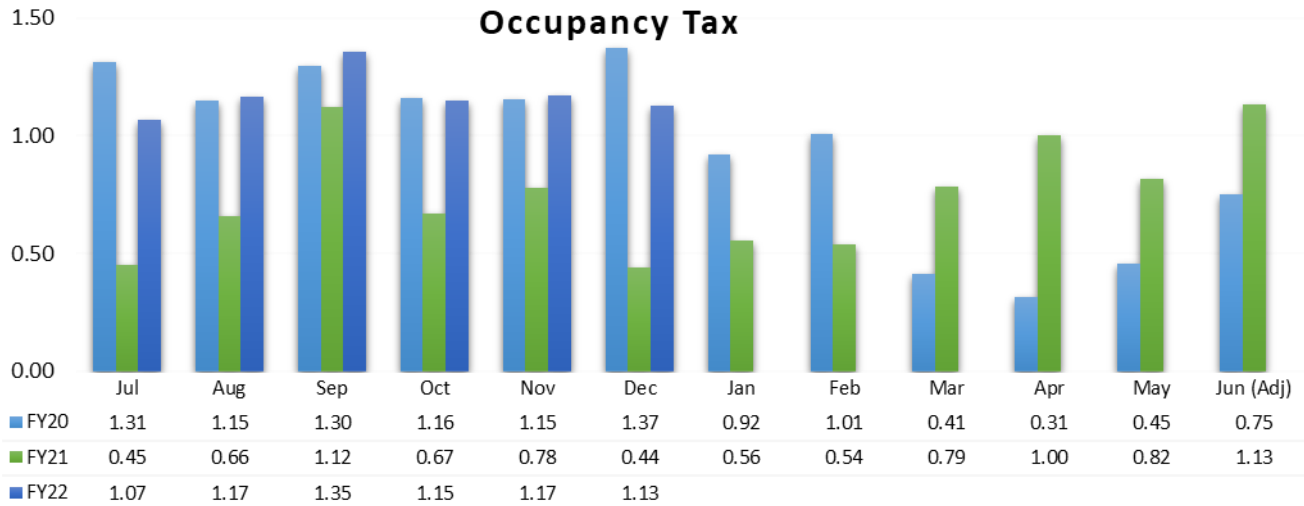


Vehicle Registration data is acquired from the Virginia Department of Transportation and is comprised of both new and used vehicles; the metric strongly correlates to vehicle sales. **New Car Registrations lag prior fiscal year to date by 368 vehicles.** December recorded 834 new car registrations, up from November, and for the fourth month in a row below prior year. Supply chain issues contribute to these results. **Used Car Registrations continue to remain strong in FY22, December registrations are 54% higher than registrations in FY21.**



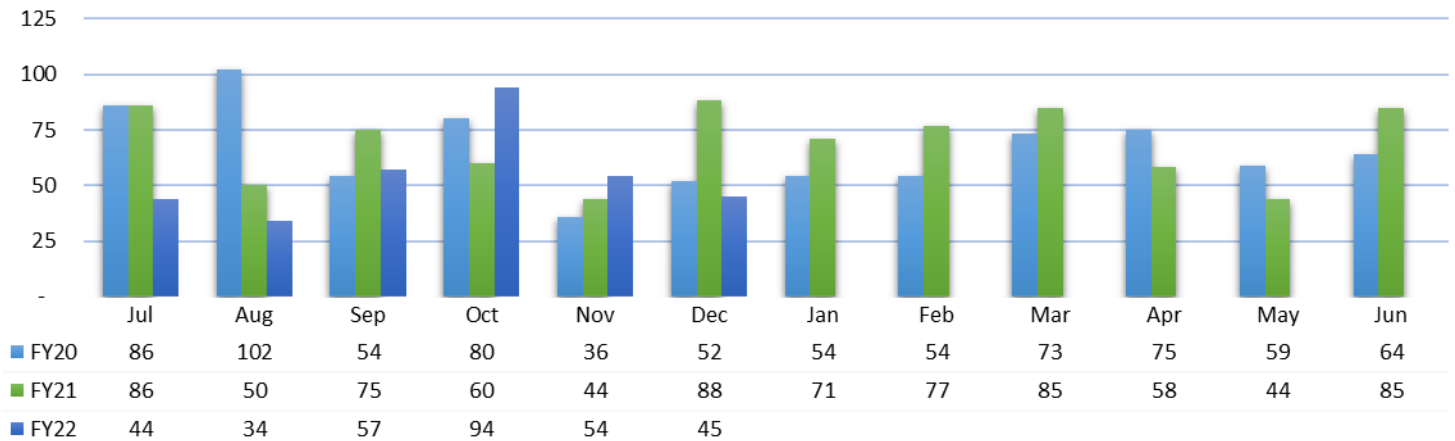
Henrico Metrics

Occupancy Tax



Henrico’s **Occupancy Tax** is collected on lodging for overnight stays. **Occupancy Tax collections in December remained solid at \$1.13 million, down from \$1.17 million in November. Fiscal year to date collections lag behind FY20 by 3% reflecting an improving sector that is working toward pre-pandemic levels.**

New Residential Construction

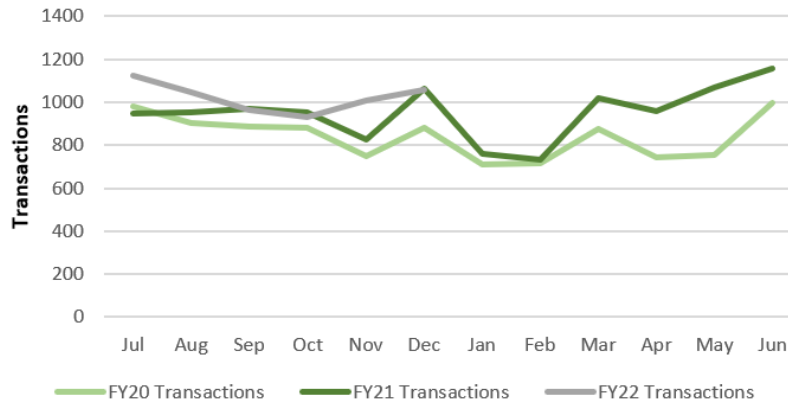


New Residential Construction is comprised of new single-family houses that were issued building permits. A slowdown may indicate worsening economic conditions, increased competition from neighboring localities, or a lack of expansion capabilities. 45 construction permits were issued in December, down from 54 in November. **Fiscal year to date permits still lag FY20 by 20%; this data continues to illustrate the cyclical nature of the permit process.**



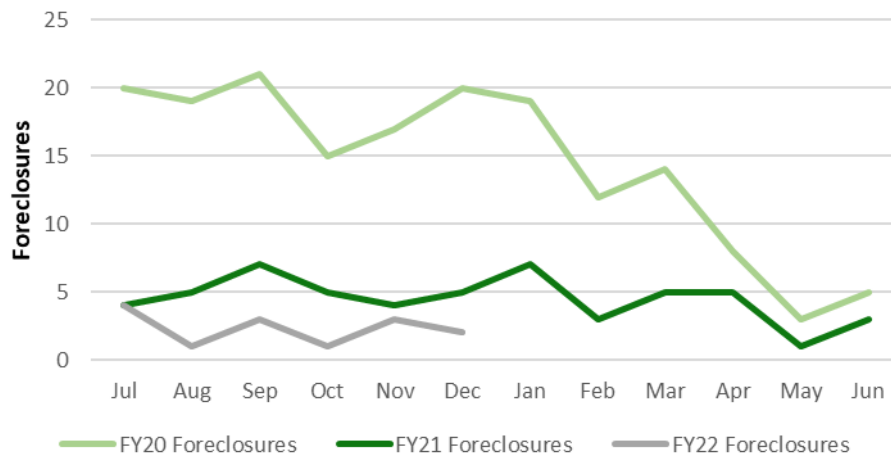
Henrico Metrics

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. **December 2021 residential transactions exceed December 2019 by 20.6%, illustrating the continuation of a strong housing market.**

Residential Foreclosures

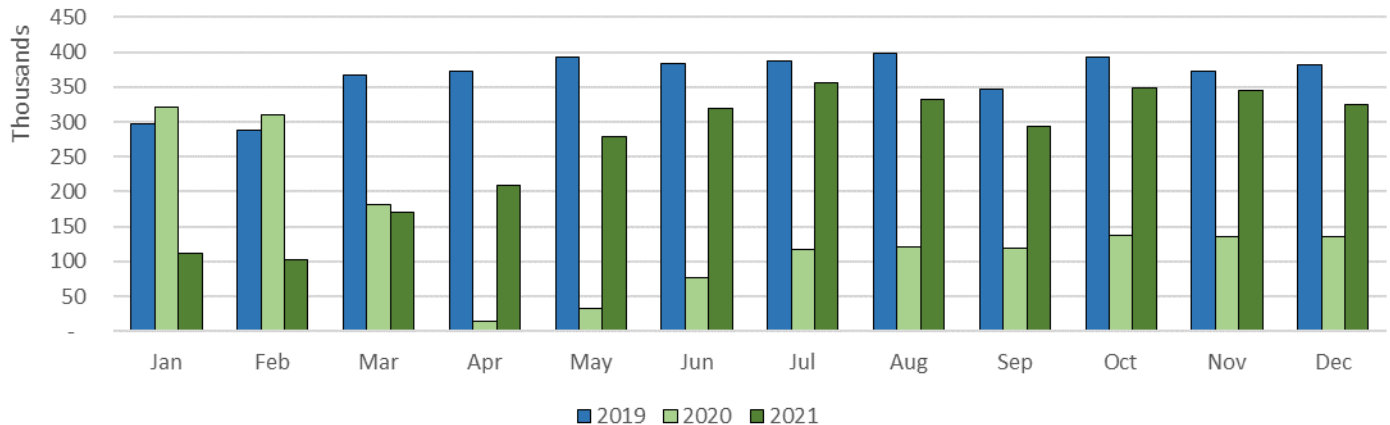


Foreclosure numbers remain stable at approximately 5 per month, with 2 foreclosures in December. **Total foreclosures remain low.**



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. **December 2021 brought a continued strong level of air travel of 325,236 passengers. A 5.6% decrease from November, but continues a trend towards pre-pandemic numbers and significant improvement when compared to the first six months of the calendar year and the same month last year.**



Summary of Financials

Period Ended December 31, 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	\$ 341,782,888	\$ 432,236,342	\$ 774,019,230	\$ 39,898,030
State Revenues	393,652,040	393,652,040	152,437,345	249,622,979	402,060,324	8,408,284
Federal Revenues	385,000	385,000	82,135	322,865	405,000	20,000
Total General Fund Revenues	\$ 1,128,158,240	\$ 1,128,158,240	\$ 494,302,369	\$ 682,182,186	\$ 1,176,484,554	\$ 48,326,314
General Government Expenditures	\$ 423,005,103	\$ 438,964,340	\$ 208,905,011	\$ 234,159,428	\$ 443,064,439	\$ (4,100,099)
Education Expenditures	560,920,241	578,721,795	214,264,402	355,776,566	570,040,968	8,680,827
Total General Fund Expenditures	\$ 983,925,344	\$ 1,017,686,135	\$ 423,169,413	\$ 589,935,994	\$ 1,013,105,407	\$ 4,580,727

This **Summary of Financials, Period Ended December 31, 2021**, provides an overview of projected and actual revenues and expenditures for FY22.