



### 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 March continues prior month trends of mixed economic results across several performance indicators. The S&P 500 has continued to decline since February and Consumer Confidence sits below 2022 averages. CPI growth outpaced wage growth by 0.2%, a negative outcome for consumer buying power. The housing market indicated a degree of slowing. As 30-year fixed interest mortgage rates hit 6.6%, average days on the housing market grew from 22 to 25 days. Residential real estate transactions recorded 602 transactions in the month of February, the second lowest recorded data point since February of FY19. It should be noted that housing activity has traditionally slowed in the early months of the calendar year, irrespective of economic conditions. The unemployment rate at the County level rose from 2.7% to 3.2% over January. This is a metric that requires continuous and vigilant monitoring, and could be a cause of concern should it continue to increase over subsequent months. Tax collections continue to remain strong across all observed segments, exceeding FY22 year-to-date.

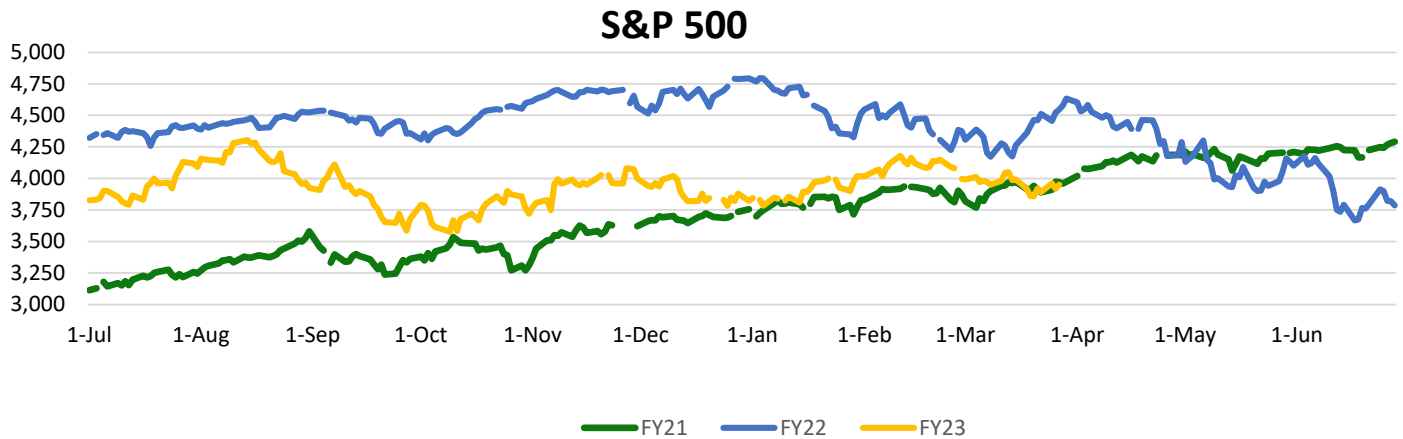
### Metrics Considered

- **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

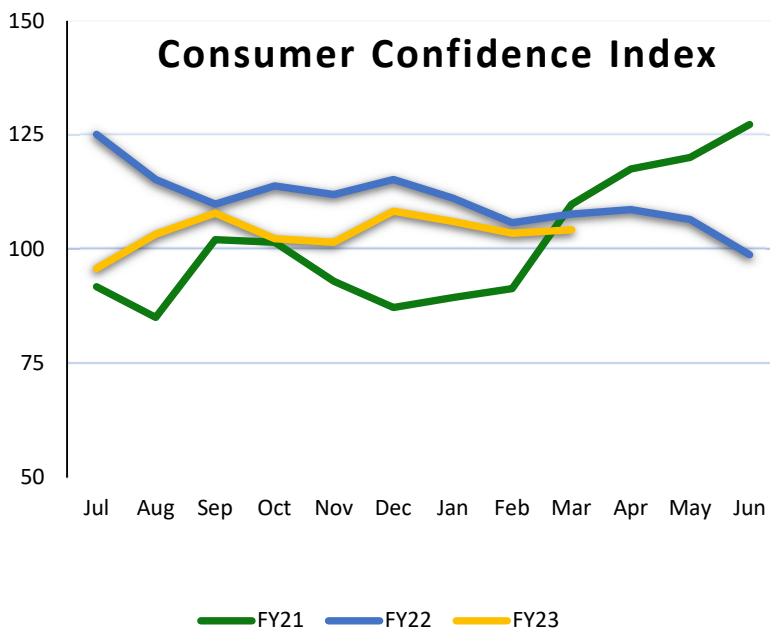


## National Metrics

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 continued to recede over March, losing approximately 125 points since the close of January<sup>1</sup>.**



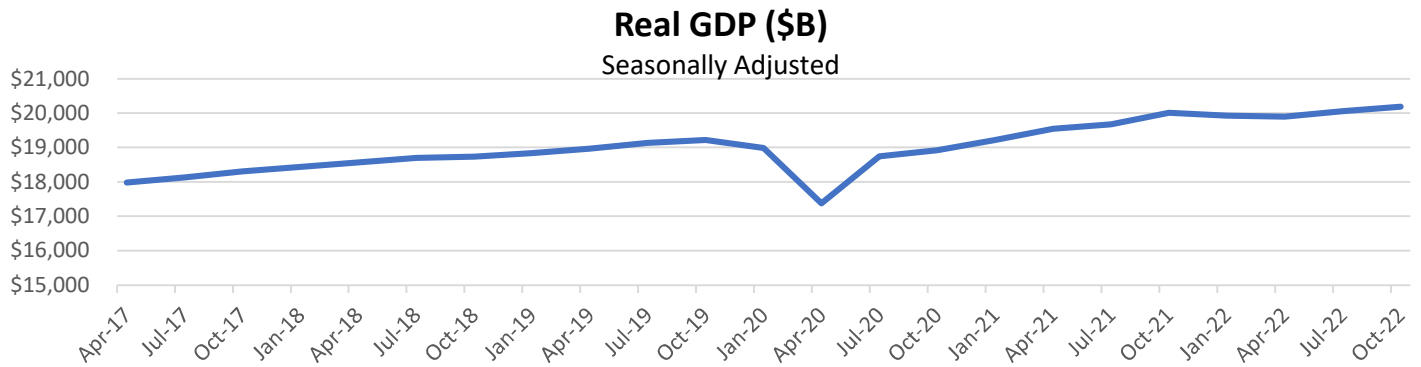
The **Consumer Confidence Index** is a monthly survey given to 5,000 random households gathering opinions on present situations and future expectations. It is benchmarked to 1985 (100) and best compared by reviewing month over month changes. **In March the index rose slightly from 103.4 to 104.2. While the index rose in March expectations remain below 2022 averages<sup>2</sup>.**

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

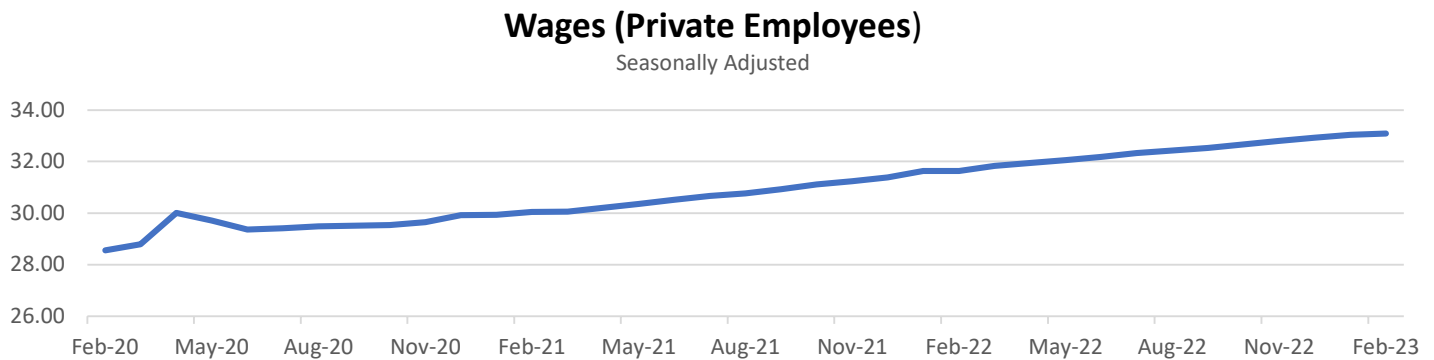
<sup>2</sup> The Conference Board; [US Consumer Confidence \(conference-board.org\)](https://www.conference-board.org/US-Consumer-Confidence)



## 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 0.7%<sup>3</sup> when compared to Q3 2022, continuing to reverse 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 February, the average hourly wage increased to \$33.09. This rise of \$0.06 from January represents a 0.2% increase<sup>4</sup>.** The last time wages decreased from the prior month was in June 2020 reflecting impacts of the pandemic.

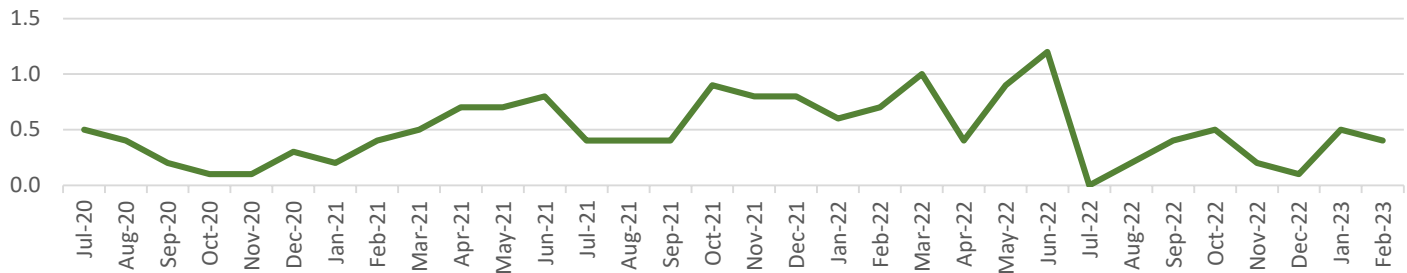
<sup>3</sup> Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/GDP>; GDP data is published quarterly.

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



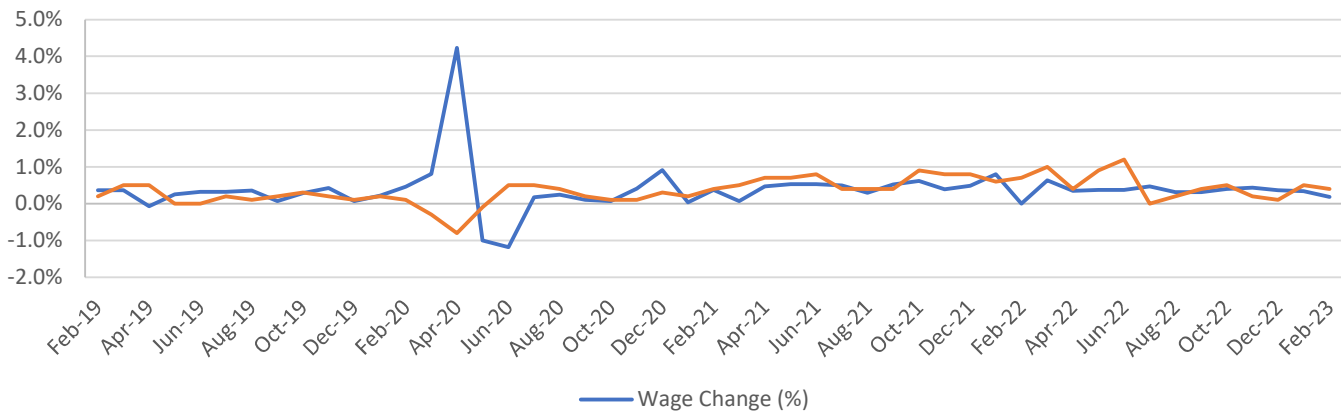
## National Metrics

### 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 February 2022, the consumer price index rose by 0.4%<sup>5</sup>.** The current 12-month CPI growth is 6.7% (unadjusted) as reported by the Bureau of Labor Statistics. This is 1.7% less than the trailing 12-month average of 8.4%, indicating continued inflation less than that of last year.

### Average Hourly Wage Changes against Changes in CPI



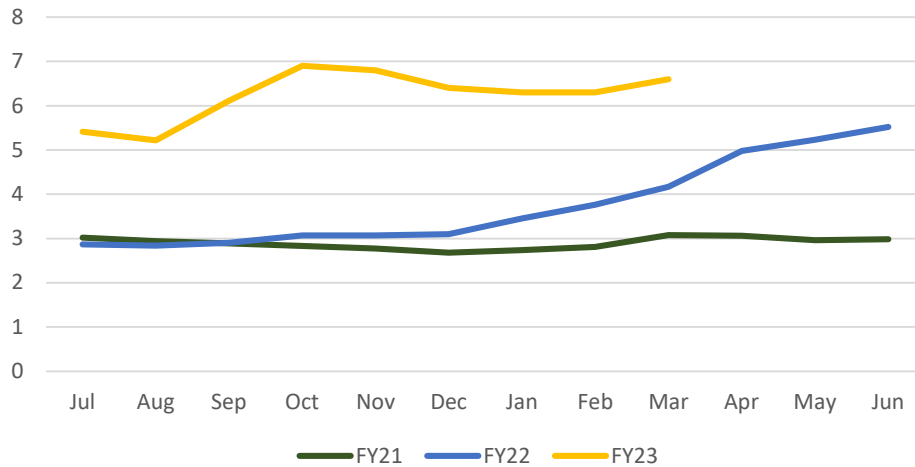
**Average Hourly Wage Changes against Changes in the Consumer Price Index** analyzes the relationship between national wages and consumer pricing, and more loosely, its affiliate inflation. It should be noted that this graph encompasses month over month changes, with both metrics demonstrating continuous upwards growth over the past 2 years of recorded data. **February's monthly wage growth of 0.2% was lower than the CPI's 0.4% 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)



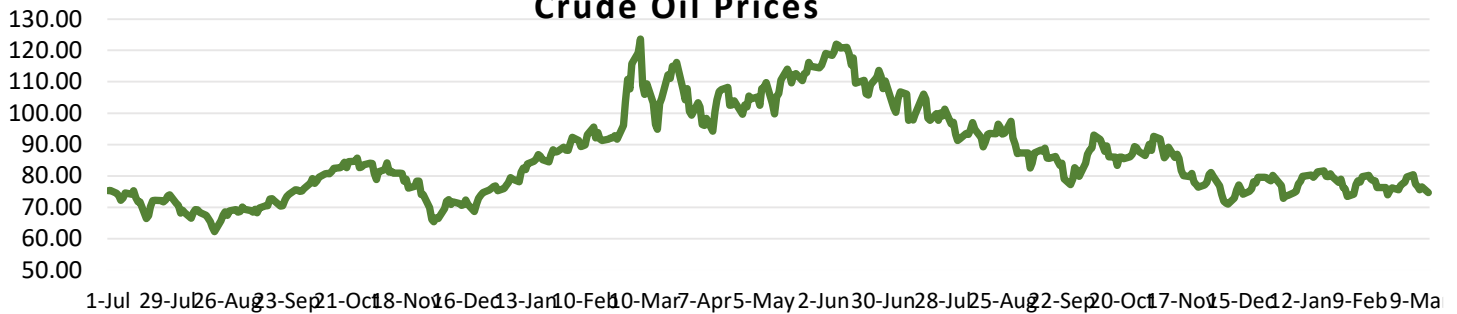
## National Metrics

### 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 March of 2023, the 30-year fixed mortgage interest rate rose to 6.6%<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 March 2023 pricing was recorded at \$74.68, a 39.6% 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.

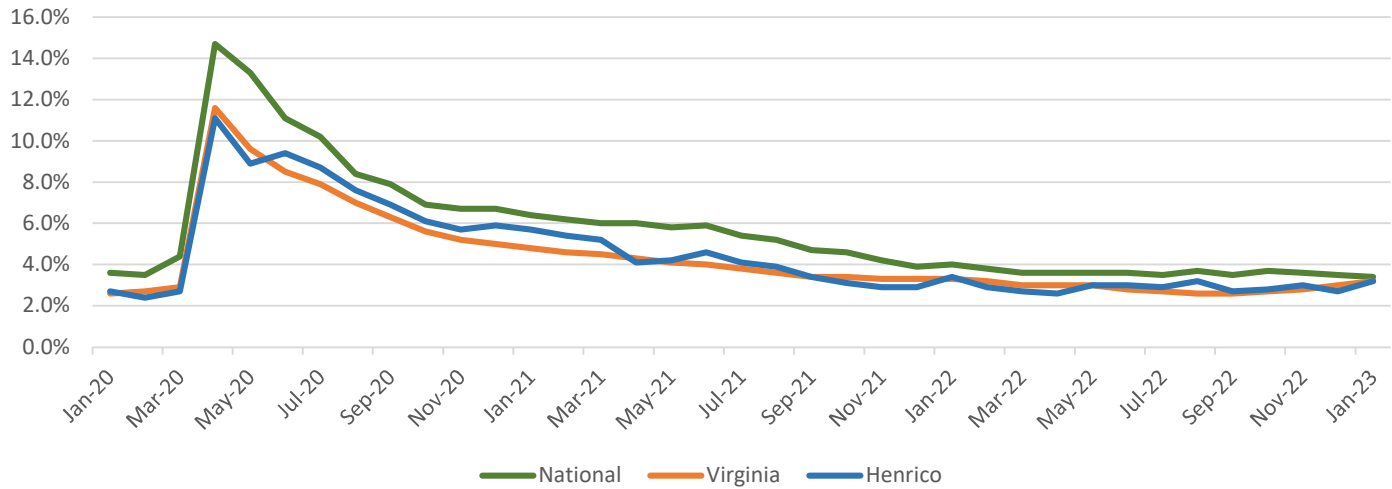
<sup>6</sup> Freddie Mac; [30-Year Fixed-Rate Mortgages Since 1971 - Freddie Mac](https://freddie.com/research/30-year-fixed-rate-mortgages-since-1971/)

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



## Combined Metrics

### Unemployment Rates

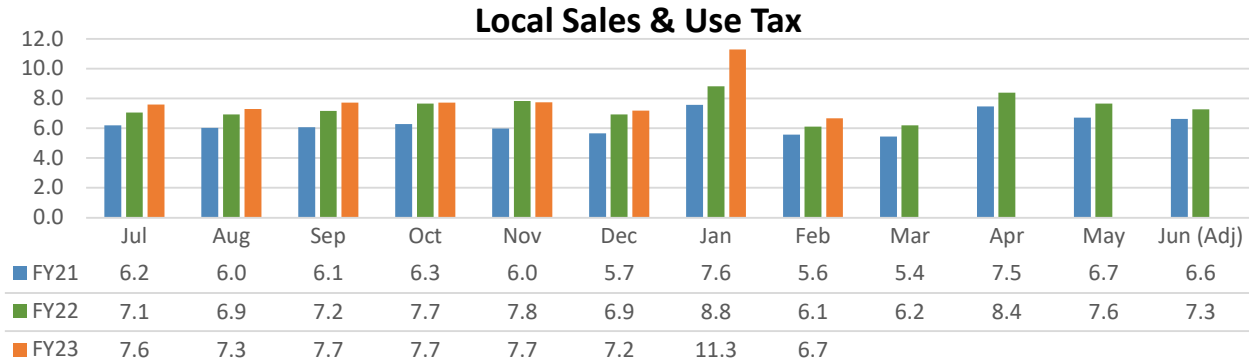


The **Unemployment Rate** shows the number of unemployed people as a percentage of the workforce. Known as the U-3 unemployment rate, an individual must be actively seeking work or laid off to be included. State unemployment data lags roughly six weeks while local unemployment data lags 9 weeks. **In the month of January, the unemployment rate dropped 0.1% at the national level, rose 0.2% at the state level, and rose 0.5% at the local level<sup>8</sup>. This rise from 2.7% to 3.2% at the local level is a cause for some degree of concern, especially should the rise continue into February.** 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.

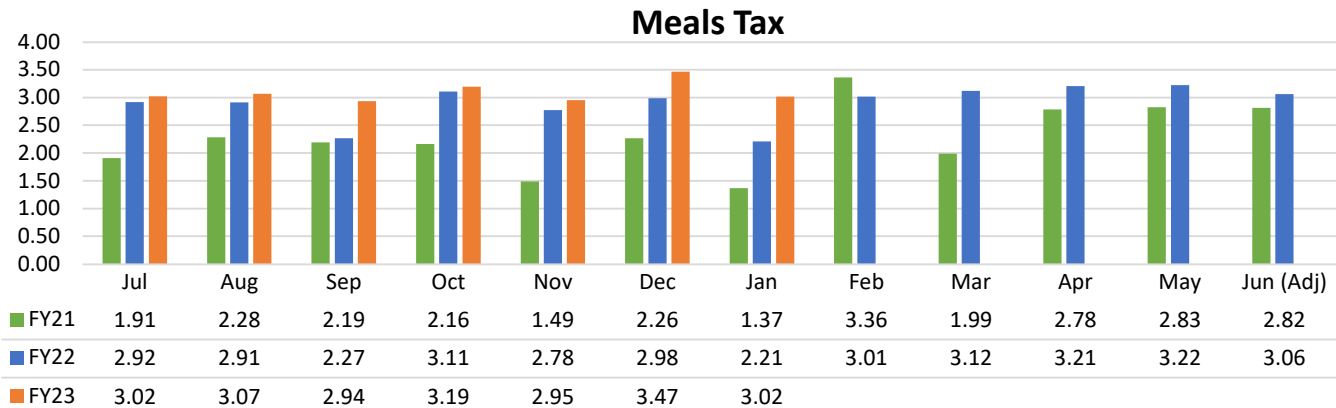
<sup>8</sup> US Bureau of Labor Statistics; <https://data.bls.gov/lausmap/showMap.jsp>



## Henrico Metrics



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. **February data recorded collections of \$6.7 million, 9.0% higher than the same period in FY22<sup>9</sup>.**



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

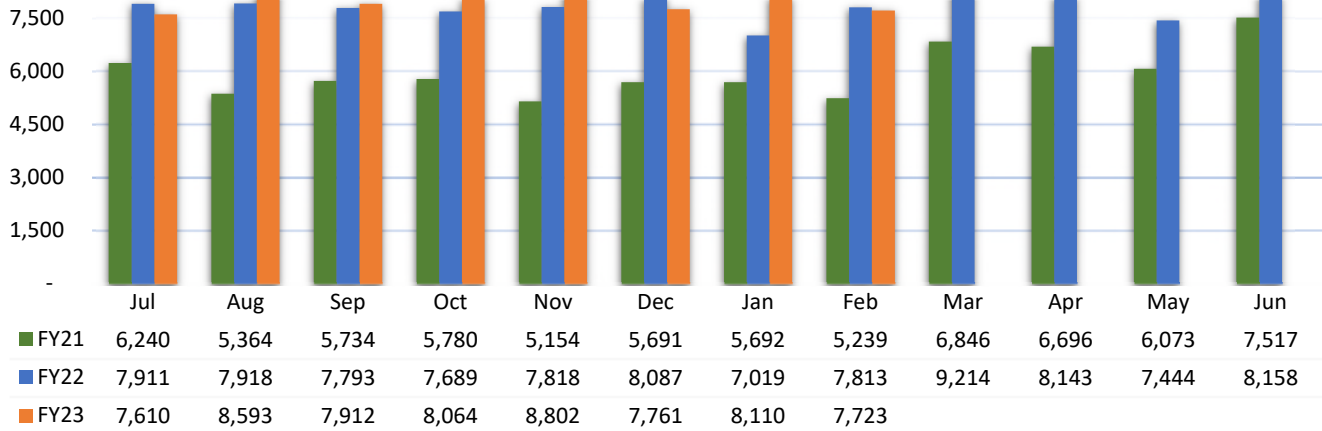




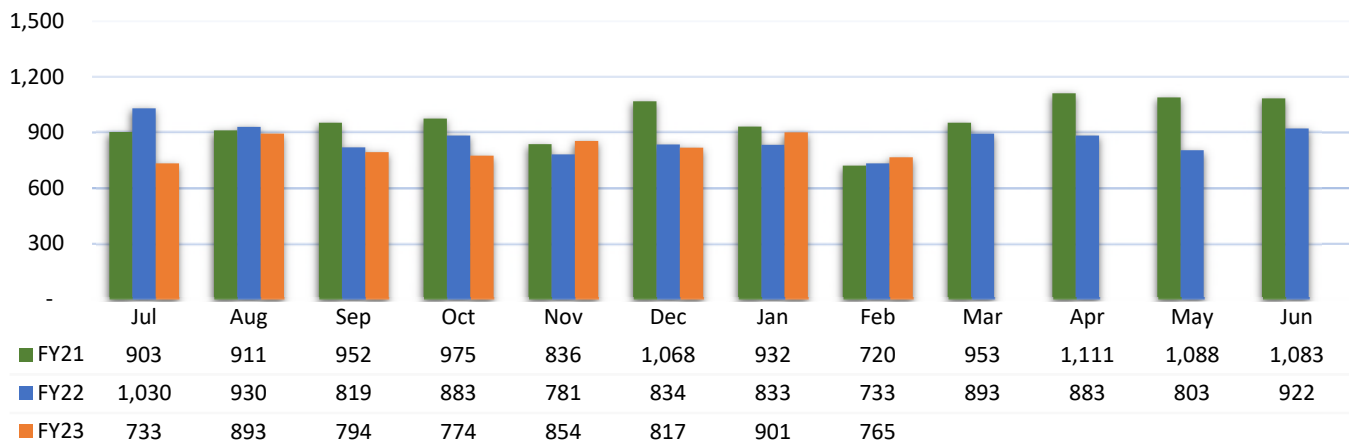


## Henrico Metrics

### Used Car Registration



### New Car Registration

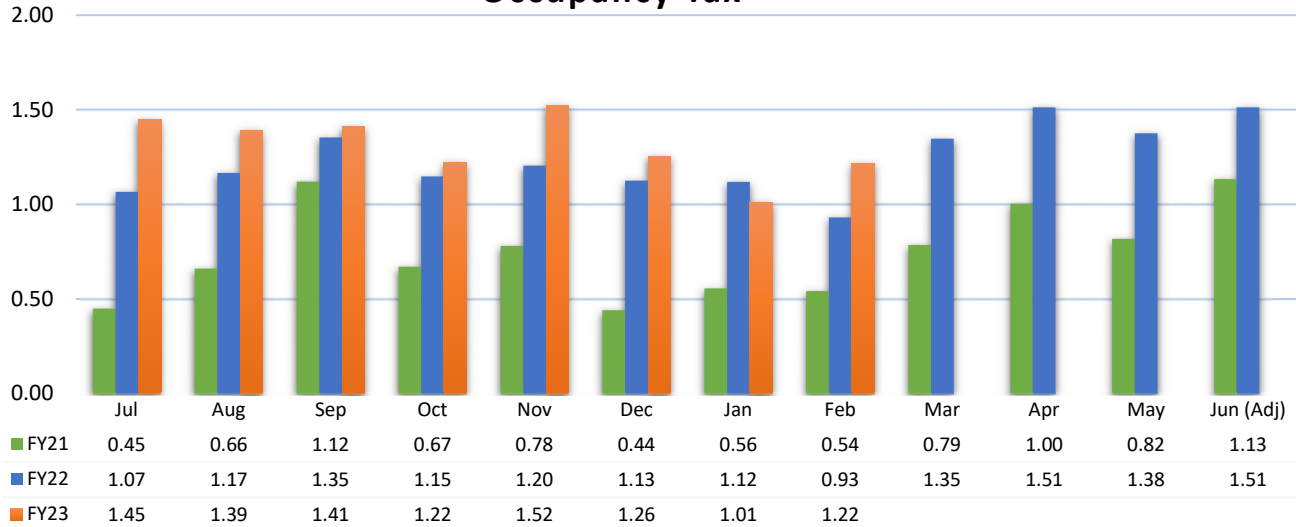


**Vehicle Registration** data is acquired from the Virginia Department of Transportation and is comprised of both new and used vehicles; the metric strongly correlates to vehicle sales. **Used Car Registration in February recorded 7,723, 90 lower than February of FY22. Year to Date collections remain greater than FY22. New Car Registration in February recorded 765, 32 higher than February of FY22.**



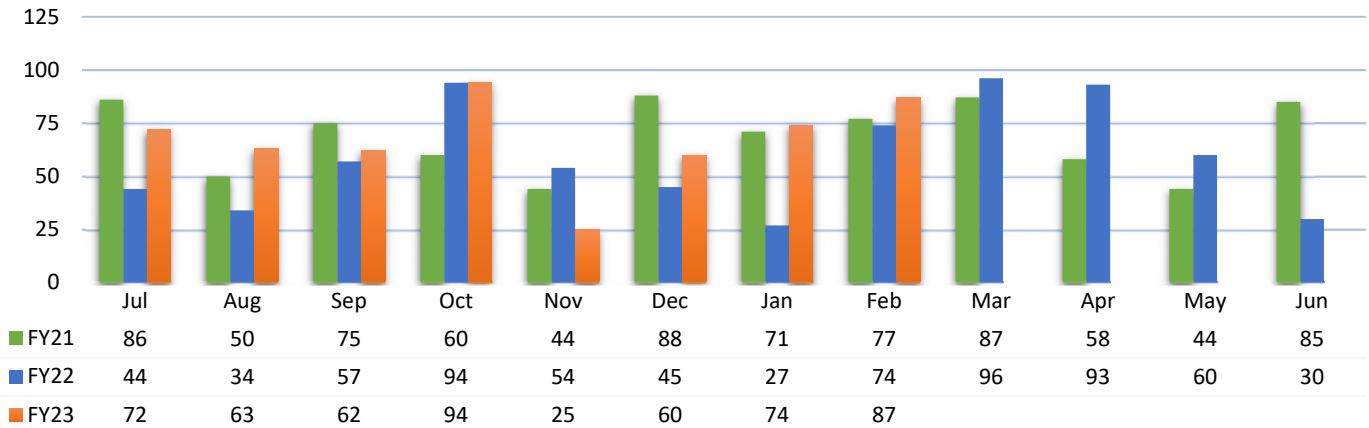
### Henrico Metrics

#### Occupancy Tax



Henrico’s **Occupancy Tax** is collected on lodging for overnight stays. **Occupancy Tax collections in February were \$0.29 million higher than those of FY22.** Occupancy Tax collections have returned to pre-pandemic normalcy.

#### New Residential Construction

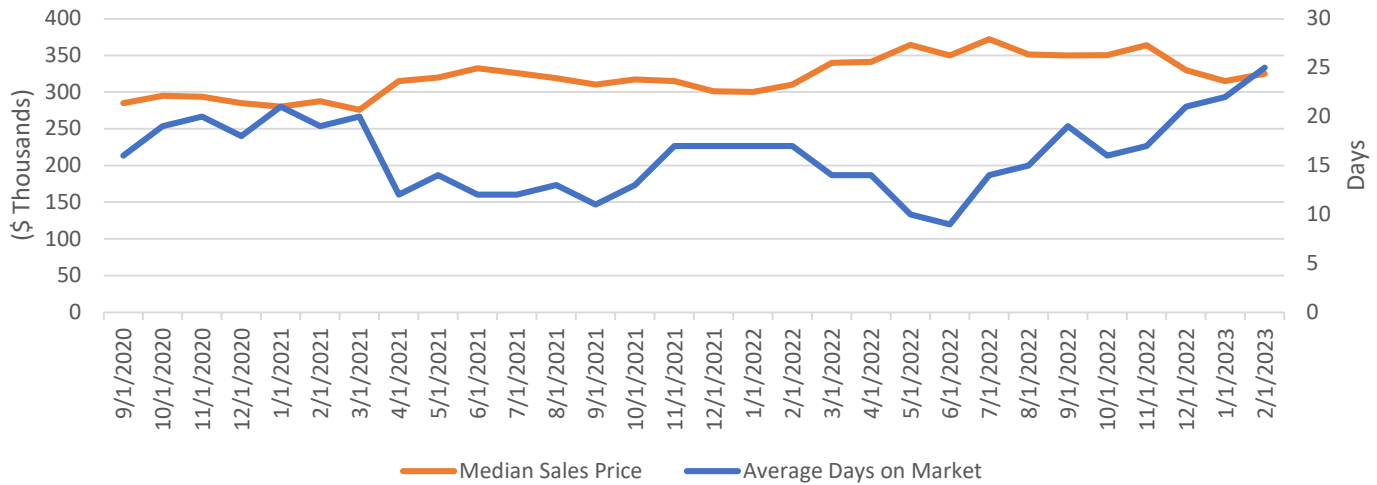


**New Residential Construction** is comprised of new single-family houses that were issued building permits. A slowdown may indicate worsening economic conditions, increased competition from neighboring localities, or a lack of expansion capabilities. **February FY23 construction recorded 87 permits, 13 higher than February of FY22.**



## Henrico Metrics

### Average Days on Housing Market and Median Sales Price (Henrico)



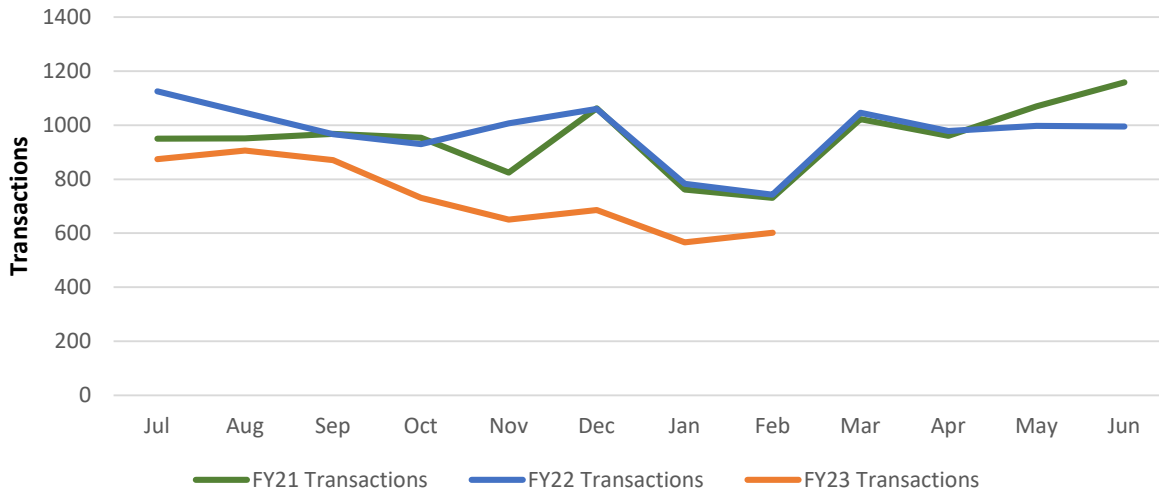
**Average Days on the Housing Market and Median Sales Price** provides a benchmark of the state of the housing market in Henrico. An increase in the time spent on market may indicate a slowing of the housing market, while a decrease may indicate acceleration. Median Sales Price tracks the middle value of homes sold in the County that month and can provide insight into the general direction of the market. **In the month of February 2023, the Median Sales Price rose from \$315,000 to \$325,000. The median is 4.8% higher than February of 2022, and 13.1% higher than February of 2021<sup>10</sup>.** Average Days on the Housing Market rose from 22 in January to 25 in February, the highest in the observed 3 year timeframe.

<sup>10</sup> Long & Foster; <https://marketminute.longandfoster.com/market-minute/va/henrico-county.htm>



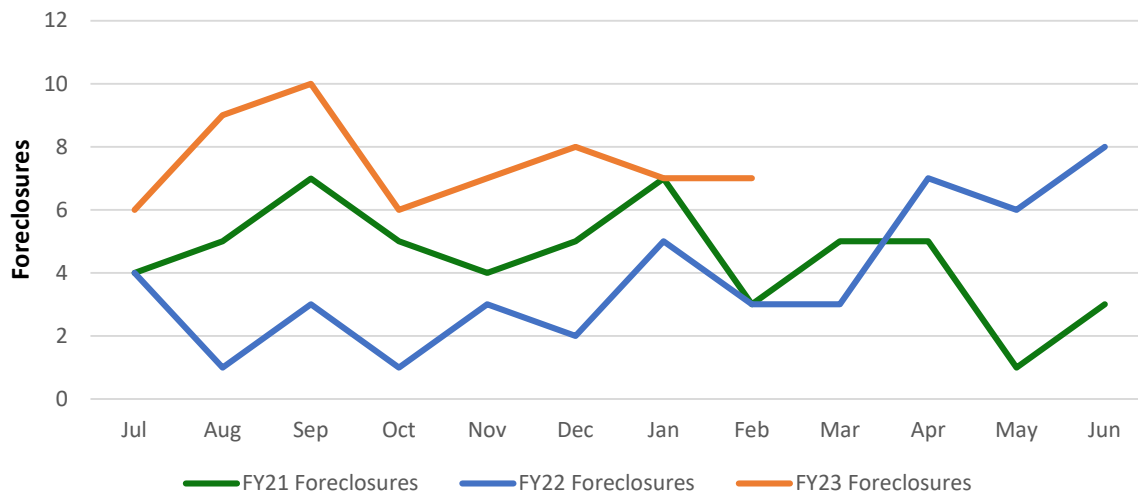
## Henrico Metrics

### 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. **With 602 total residential transactions recorded in February, the market continues to slow and marks the second lowest month of transactions since February FY19.**

### Residential Foreclosures

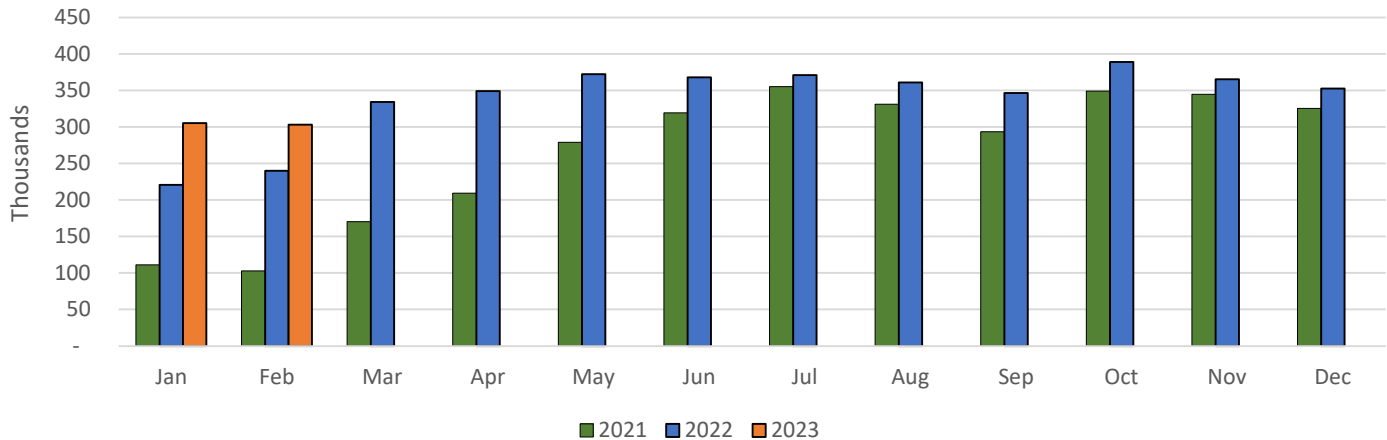


There were 7 foreclosures reported in February.



## 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 impacted air travel around the country both domestically and internationally. Air travel has seen a continuous recovery, with notable growth resuming in March 2021. **February 2023 continued the downtrend seen over the past few months with 303,091 passengers. However, this metric still reflects a 26.2% increase from February 2022<sup>11</sup>.**

<sup>11</sup> Richmond International Airport; <https://flyrichmond.com/airport-information/>



### Summary of Financials Period Ended March 31, 2023

	FY23 Approved Budget	FY23 Revised Budget	FY23 YTD Actuals	FY23 Projected Remaining Actuals	Total Projected FY23 Actuals	Over / Under Budget
Revenues from Local Sources	796,520,200	796,520,200	518,064,042	369,790,270	887,854,312	91,334,112
Revenue from the Commonwealth	421,949,865	424,314,798	312,098,556	119,605,336	431,703,892	7,389,094
Revenue from the Federal Government	385,000	385,000	259,297	125,703	385,000	-
<b>Total General Fund Revenues</b>	<b>1,218,855,065</b>	<b>1,221,219,998</b>	<b>830,421,896</b>	<b>489,521,308</b>	<b>1,319,943,203</b>	<b>98,723,205</b>
General Government Expenditures	460,940,765	506,086,199	377,533,970	124,119,255	496,653,225	4,432,974
Education Expenditures	602,656,057	627,980,363	383,590,830	237,689,533	606,280,363	6,700,000
<b>Total General Fund Expenditures</b>	<b>1,063,596,822</b>	<b>1,134,066,562</b>	<b>761,124,800</b>	<b>361,808,788</b>	<b>1,102,933,588</b>	<b>11,132,974</b>

This **Summary of Financials, Period Ended March 31, 2023**, provides an overview of projected and actual revenues and expenditures for FY23. Note: Entire Fund Balance position is not represented in the table above. Projections will continue to be updated as more information is gathered throughout the fiscal year.