



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, with several indicators needing further monitoring. National performance indicators experienced both declines and improvements from those of the October 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. Occupancy tax collections continue to increase. Finally, air travel continues to show strong passenger activity and improvement when compared to values from earlier this year.

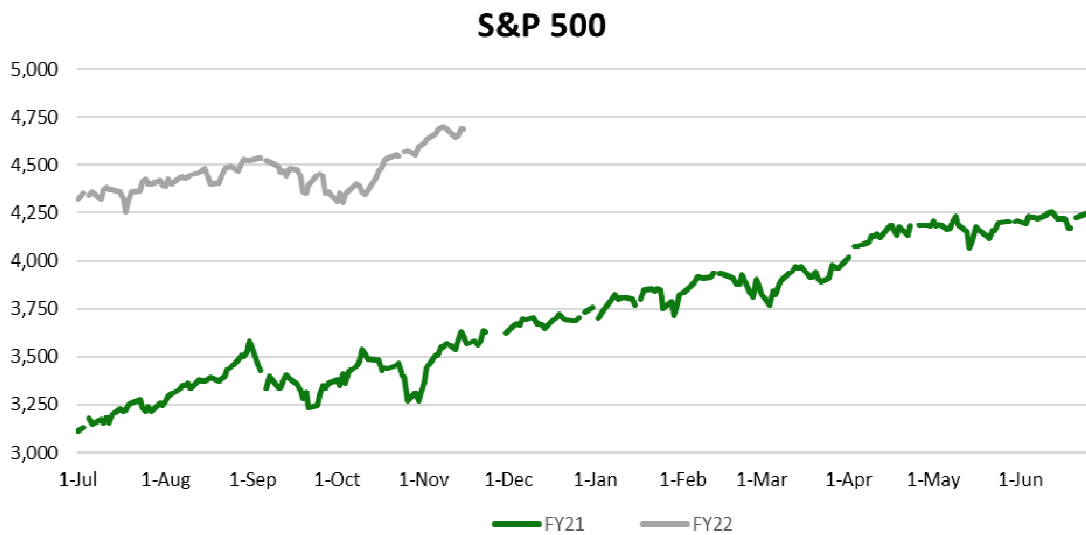
Metrics Considered

- **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



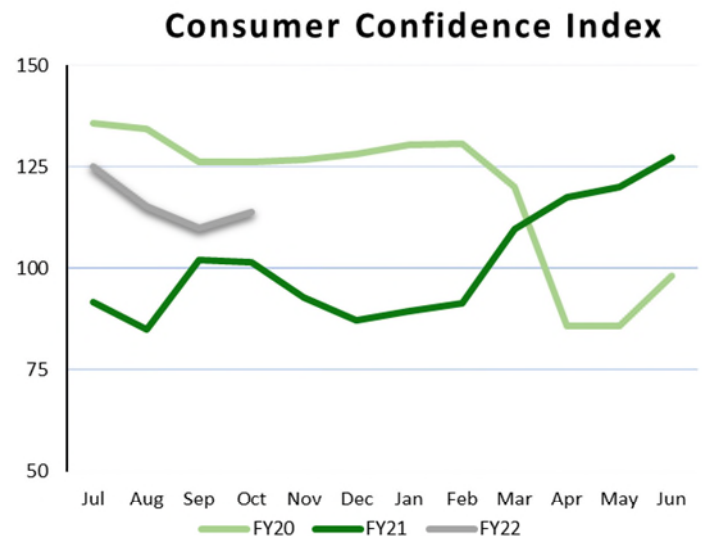
National Metrics

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.



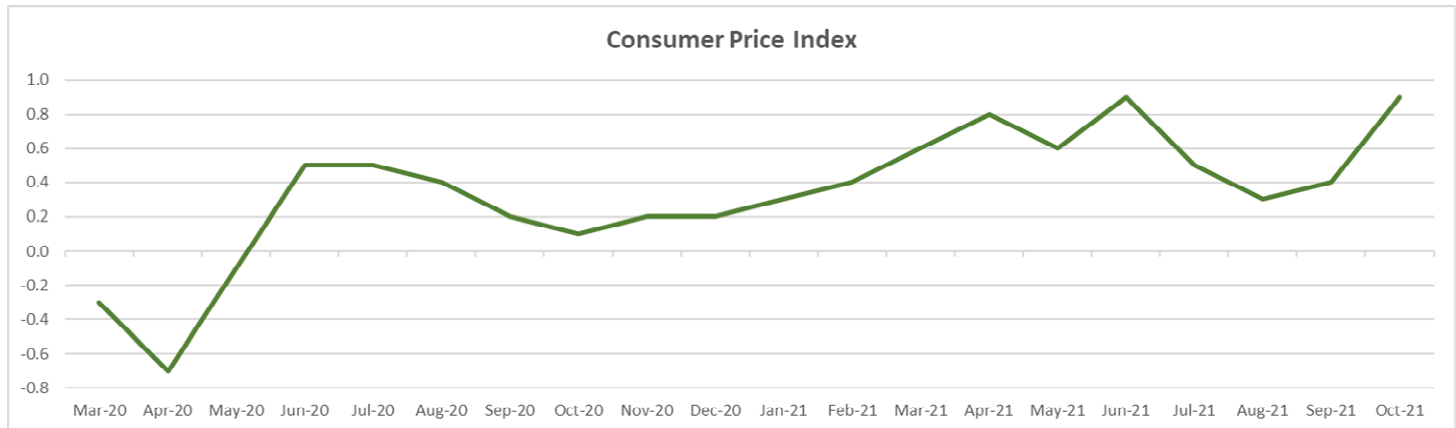
The **S&P 500** is a stock market index measuring the performance of 500 large U.S. companies on stock exchanges and is considered one of the best representations of both the U.S. stock market and economy. **The index continues steady upward growth.** November results are in line with performance over 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. **The index increased for the first month following 3 consecutive months of decline** to 113.8 in October, up from 109.8 in September, and well above 101 from one year ago. Senior director of Economic Indicators Lynn Franco linked the improvement reversing the negative trend to concerns about the delta variant easing. She cited the proportion of consumers planning to purchase homes, automobiles, and major appliances all increased in October as **“a sign that consumer spending will continue to support economic growth through the final months of 2021”**.

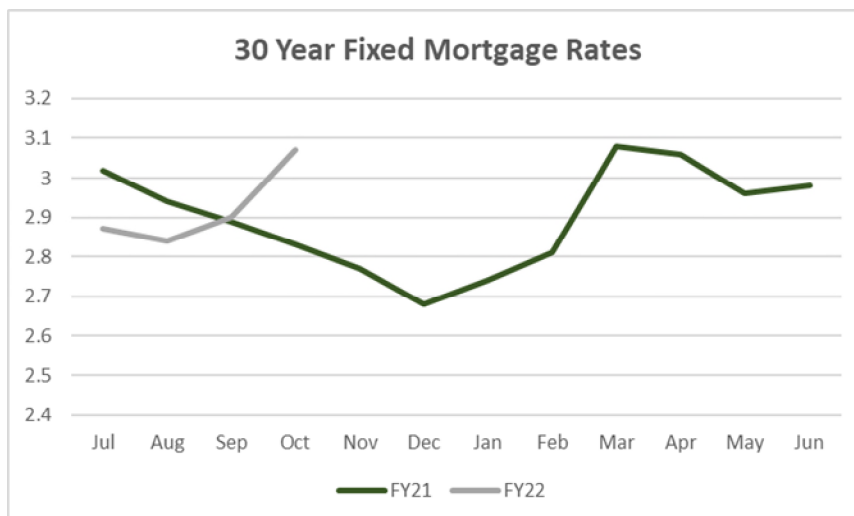




National Metrics



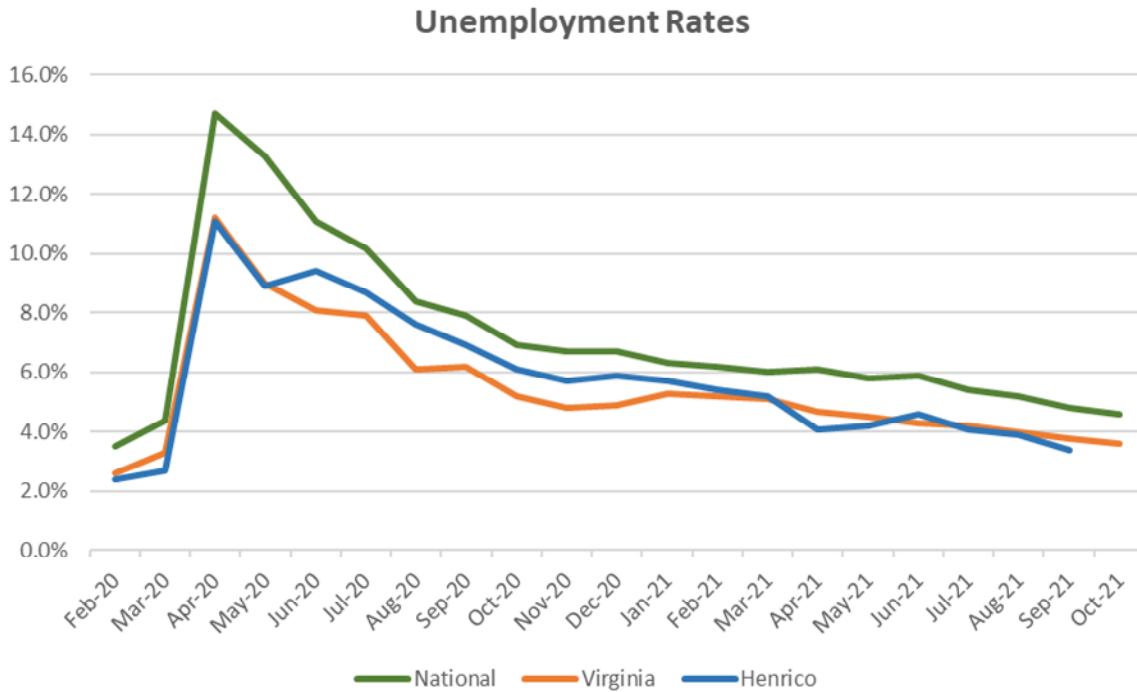
The **Consumer Price Index** is a weighted average of the prices of an identified basket of consumer goods and services used to help monitor inflation. The index provides some insight into the effectiveness of economic policy at the national level, and over-time shows the average change in price that 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 October 2021, the consumer price index increased by 0.9% from September 2021. **This shows increased growth from the previous month and indicates an inflationary trend lasting over 17 months. The current 12-month CPI growth is 6.1% (unadjusted data) as reported by the Bureau of Labor Statistics on November 17, 2021.** Further monitoring is warranted for this metric.



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 October 2021 the 30-year fixed mortgage interest rate increased from 2.9% to 3.07%.**



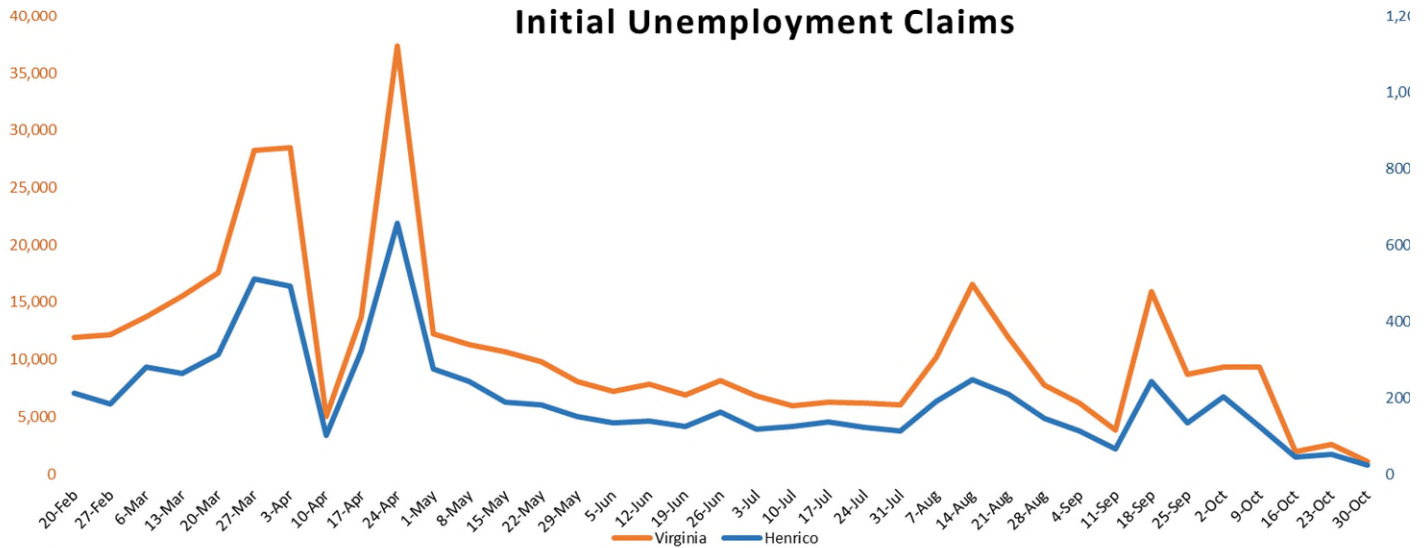
Combined Metrics



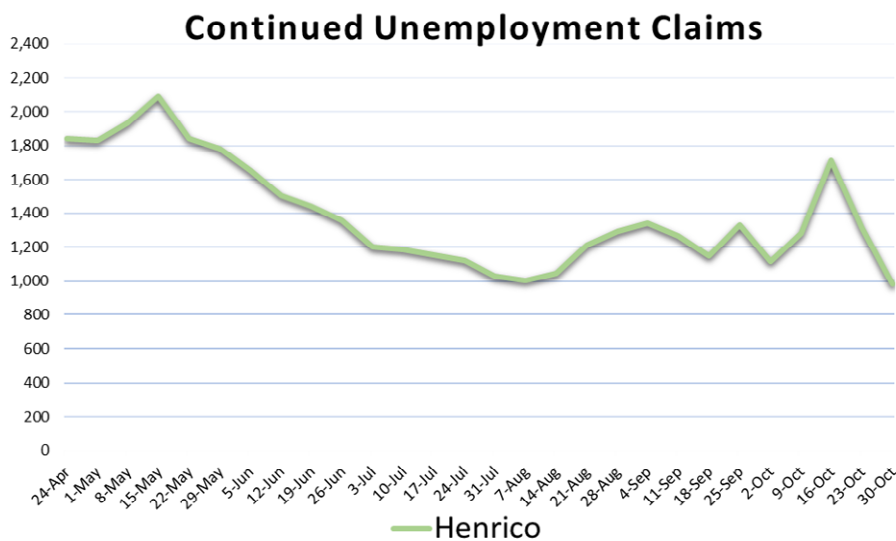
The **Unemployment Rate** shows the number of unemployed people as a percentage of the workforce. Known as the U-3 unemployment rate, an individual must be actively seeking work or laid off to be included. State unemployment data lags roughly six weeks while local unemployment data lags 9 weeks. Note: 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 September to October. In Henrico, unemployment rates also saw a decrease over the month of September, dropping to 3.4% from 3.9% in August. 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 strong positive improvement in Henrico and Virginia through the end of October. **Henrico claims dropped from 44 to 24, while state claims declined from 1,967 to 1,088. Though three of the last four weeks are at pre-pandemic values, they are not yet consistent week-to-week and warrant further monitoring.**



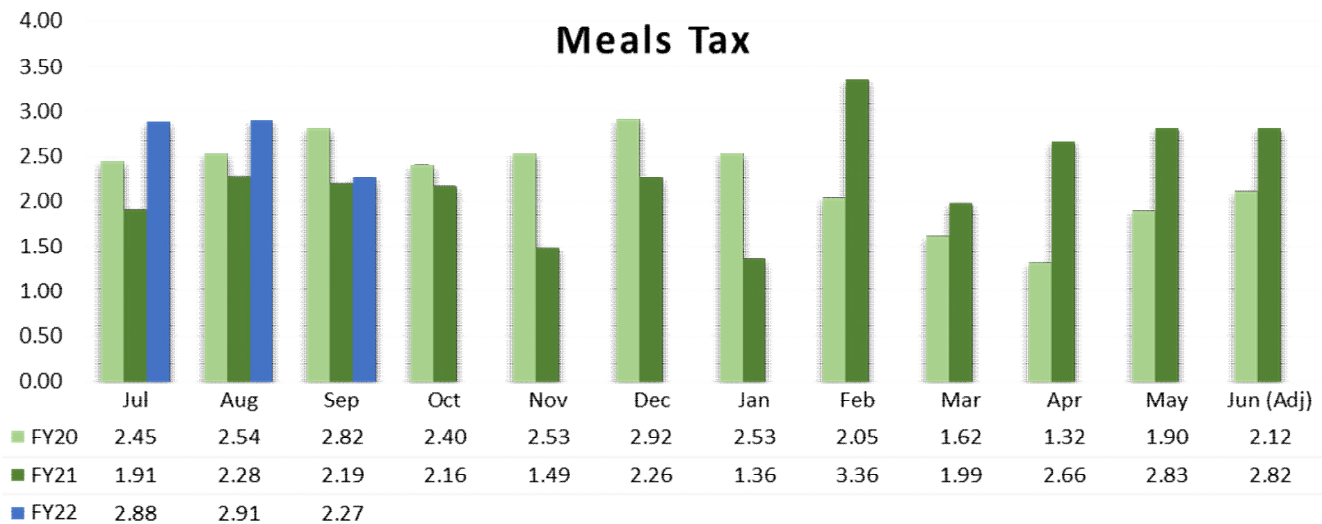
Continued Unemployment Claims reflects the number of individuals that have continued to file a claim after their initial claim. It reflects the lower bound for an unemployment rate. **Returning to an improving trend, continued unemployment claims declined to the lowest levels since before the pandemic, with the latest report at 984, though still above 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. **September collections show continued growth to \$7.7 million, compared to \$7.2 million in August, indicating both a resilient local consumer tax base and inflationary factors.**

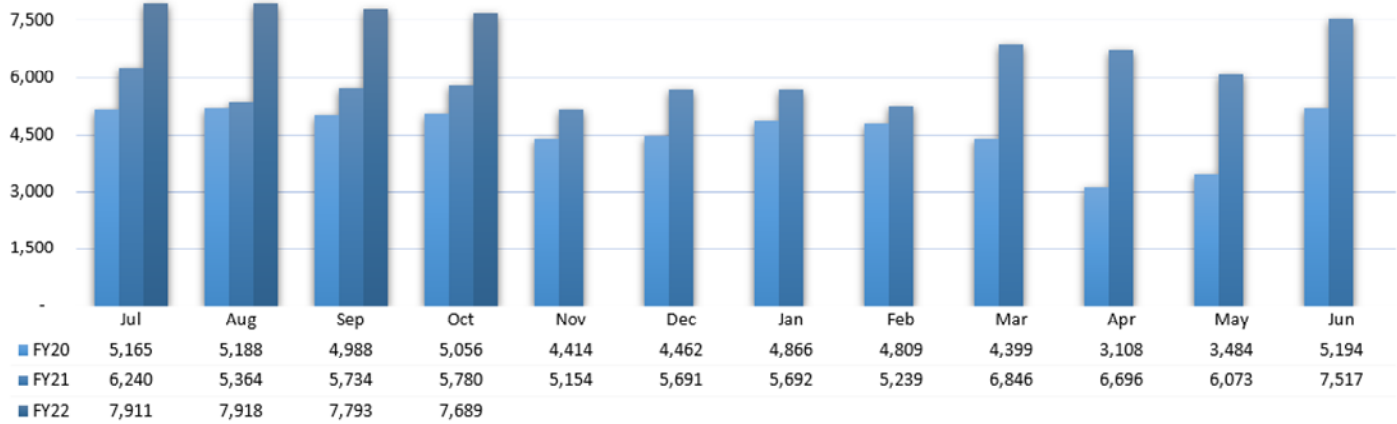


Henrico’s **Meals Tax** provides a 4% tax revenue on prepared food and beverages. Revenue generated by the Meals Tax is dedicated to the operational and capital project needs of Henrico’s Public Schools. Collections are backdated two months and compared as year-over-year monthly collections. **September FY22 collections at \$2.27 million declined significantly compared to August collections at \$2.91 million and lagged September FY20 collections by \$0.55 million.** However, there is no cause for concern as Fiscal year to date collections continue to exceed pre-pandemic levels.

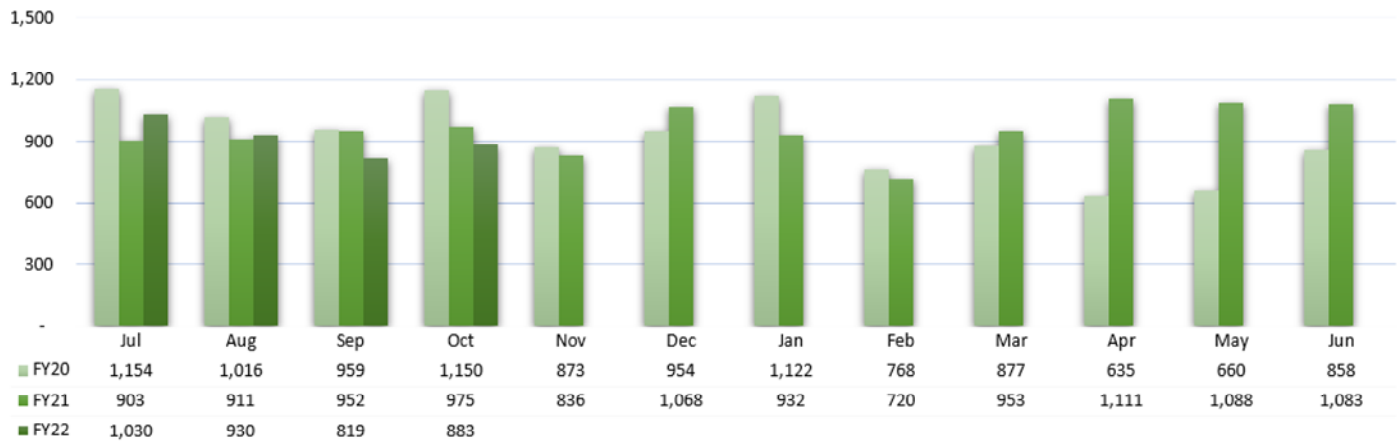


Henrico Metrics

Used Car Registration



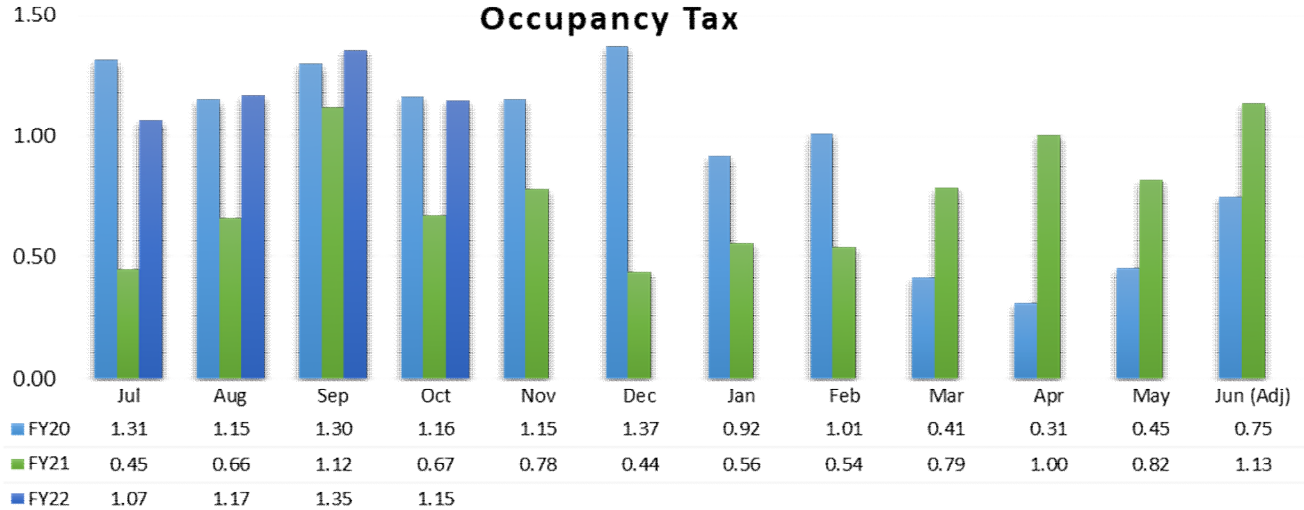
New Car Registration



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 79 vehicles.** October recorded 883 new car registrations, up from September, but for the second 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, October registrations are 52% higher than registrations in FY20.**

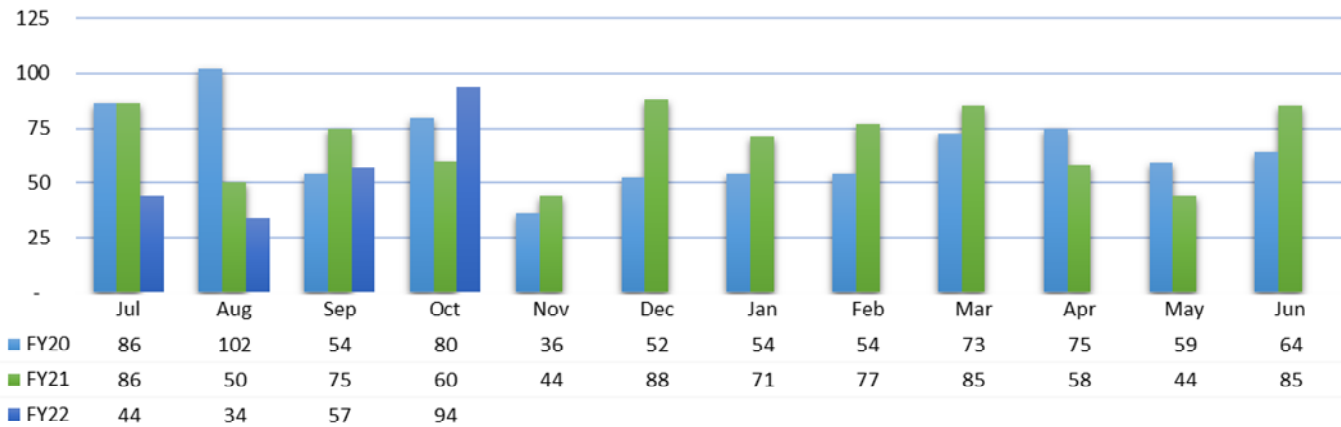


Henrico Metrics



Henrico's **Occupancy Tax** is collected on lodging for overnight stays. **Occupancy Tax** collections in **October** remained solid at \$1.15 million, down from \$1.3 million in September. Fiscal year to date collections lag behind FY20 by 4% reflecting an improving sector that is working toward pre-pandemic levels.

New Residential Construction

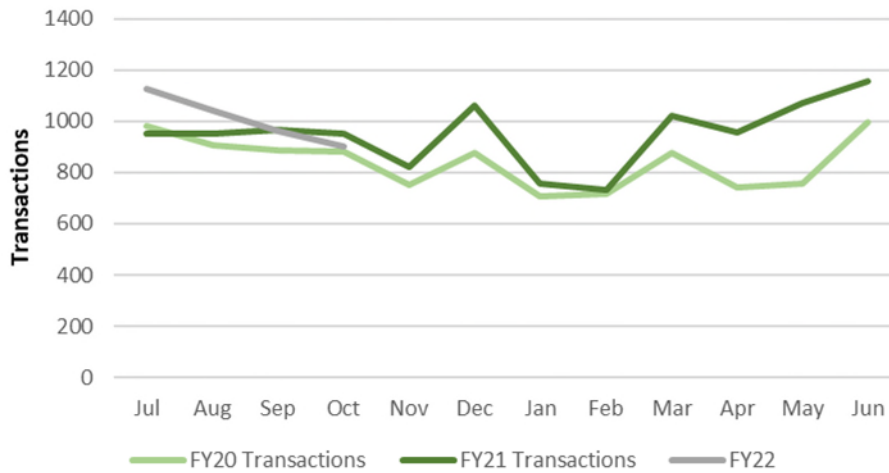


New Residential Construction is comprised of new single-family houses that were issued building permits. A slowdown may indicate worsening economic conditions, increased competition from neighboring localities, or a lack of expansion capabilities. 94 construction permits were issued in October, up from 57 in September. **This increase represents the highest value in 26 months, but with fiscal year to date permits still lagging FY20 by 29%, this data continues to illustrate the cyclical nature of the permit process.**



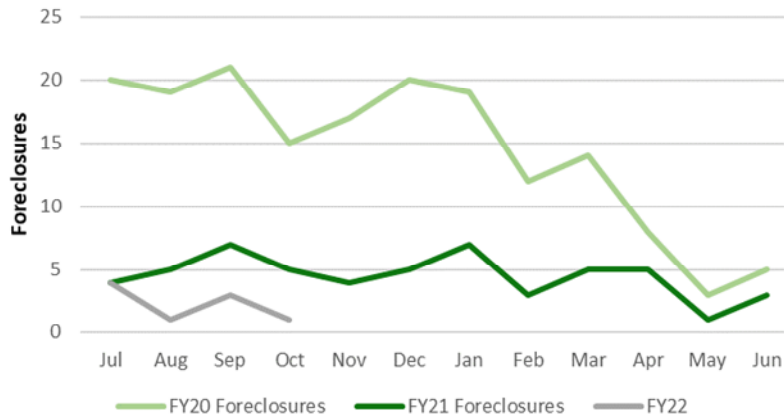
Henrico Metrics

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. **October 2021 residential transactions exceed October 2019 by 2.7%, illustrating the continuation of a booming housing market.**

Residential Foreclosures

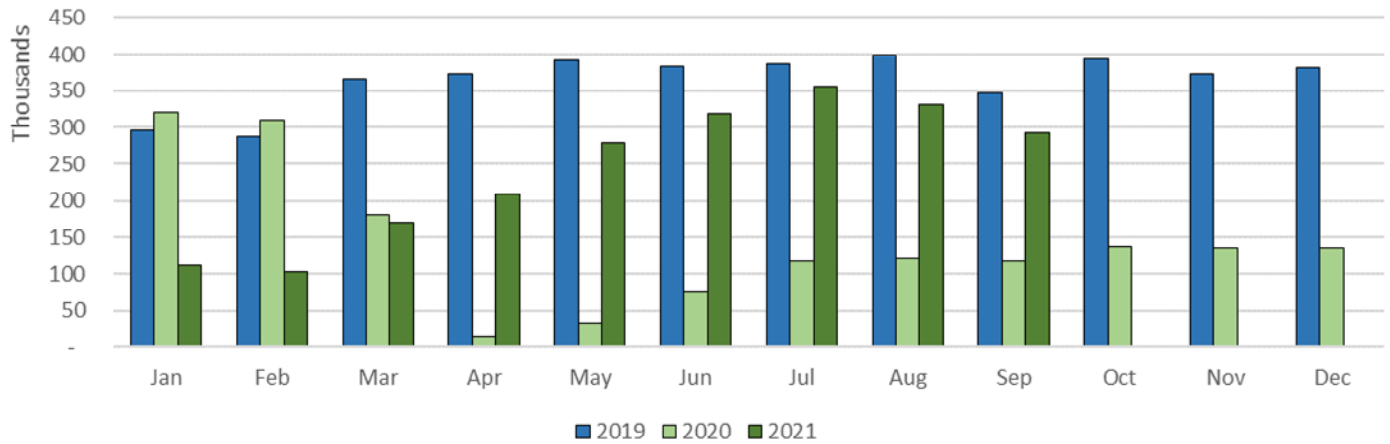


Foreclosure numbers remain stable at approximately 5 per month, with 1 foreclosure in October. **Total foreclosures remain low despite the expiration of the mortgage foreclosure freeze, that had been extended through October 3, 2021.** The freeze applies to Fannie Mae, Freddie Mac, and FHA loans that 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. **September 2021 brought a continued strong level of air travel of 293,459 passengers. While a 11.4% decrease from August, it continues a trend towards pre-pandemic numbers and significant improvement when compared to the first five months of the calendar year.**



Summary of Financials Period Ended October 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	\$ 90,062,333	\$ 676,479,701	\$ 766,542,034	\$ 32,420,834
State Revenues	393,652,040	393,652,040	104,352,407	300,946,142	405,298,549	11,646,509
Federal Revenues	385,000	385,000	41,569	363,431	405,000	20,000
Total General Fund Revenues	\$ 1,128,158,240	\$ 1,128,158,240	\$ 194,456,310	\$ 977,789,274	\$ 1,172,245,583	\$ 44,087,343
General Government Expenditures	\$ 423,005,103	\$ 438,964,340	\$ 146,028,363	\$ 297,026,067	\$ 443,054,430	\$ (4,090,091)
Education Expenditures	560,920,241	578,721,795	125,740,711	444,300,257	570,040,968	8,680,827
Total General Fund Expenditures	\$ 983,925,344	\$ 1,017,686,135	\$ 271,769,074	\$ 741,326,325	\$ 1,013,095,399	\$ 4,590,736

This **Summary of Financials, Period Ended October 31, 2021**, provides an overview of projected and actual revenues and expenditures for FY21-22. Note: This revenue and expenditure includes CARES Act funding.