



Overview

The purpose of this report is to provide an overview of different economic indicators that may impact Henrico County's ability to provide 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 (FY23) and compare it to the current year (FY24). Data for FY24 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 yielded largely positive economic results. The S&P 500 continued its upward swing, surpassing last month's previous record, to reach a new peak in the dataset. The index has experienced steady growth since November FY24. Unemployment remained stagnant at the National level, rose slightly at the State level, and decreased slightly at the County level. The Median Sales Price of homes in the County decreased by \$31,000 over January, likely an impact of low residential real estate transactions through the holiday season. While this metric is expected to continue to rise as it fluctuates through 2024, low sales volume statewide over January has encouraged close continued monitoring. Thirty-year fixed mortgage rates rose slightly from 6.7% to 6.9%. Year-to-date tax collections remained strong across all bases. While local sales and use tax collections in January lagged an abnormally high 2023, occupancy taxes greatly exceed those of January 2023, while both used and new car registrations experienced sharp upticks, indicating a robust and functioning economy.

Metrics Considered

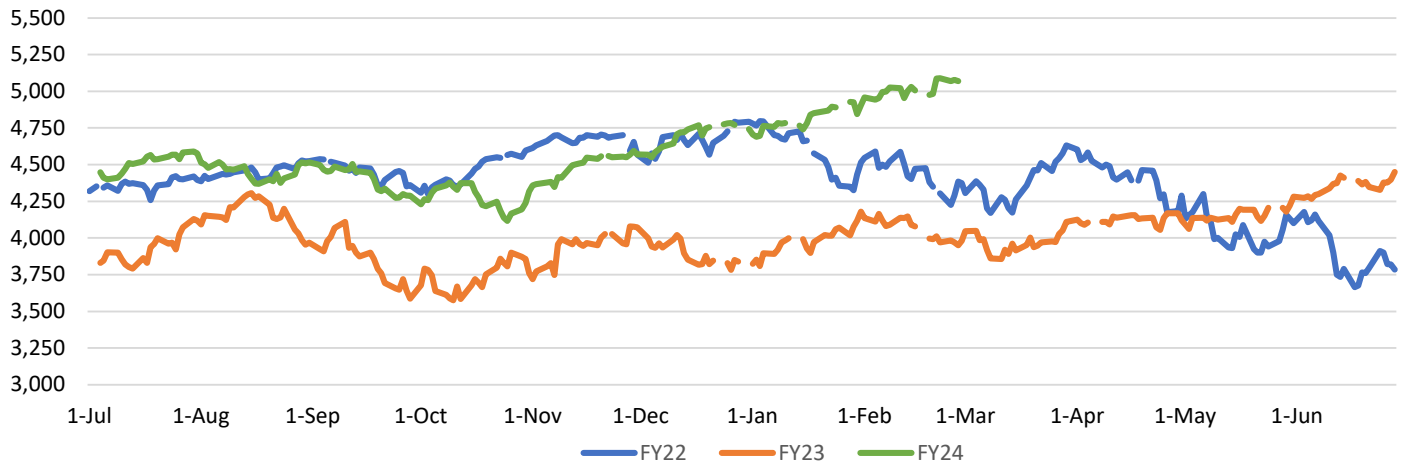
- **National:** S&P 500, Consumer Confidence Index, Real GDP, Wages, Consumer Price Index, Average Hourly Wage Changes against Changes in the Consumer Price Index, 30-Year Fixed Mortgage Rate, Crude Oil Prices
- **Virginia:** Unemployment Rate
- **Henrico:** Local Sales & Use Tax, Meals Tax, Real Property 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

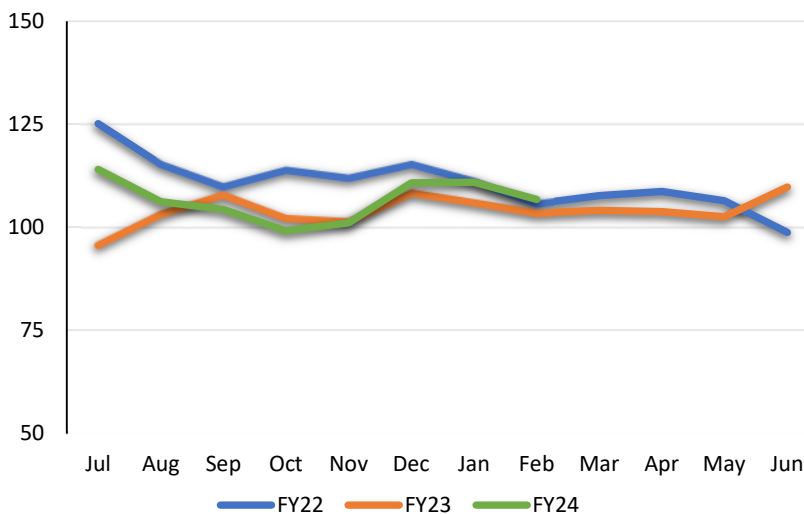
These indicators provide a mix of hard financial data as well as consumer consensus surveys to provide a macroeconomic and microeconomic view of the United States.

S&P 500



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 in its steady rise over February, reaching 5,078 points, its highest peak in three fiscal years¹. The index has been on a strong upwards rise since early November.**

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 a revised 110.9 to 106.7. Consumers cited weakening optimism over business and employment conditions².**

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

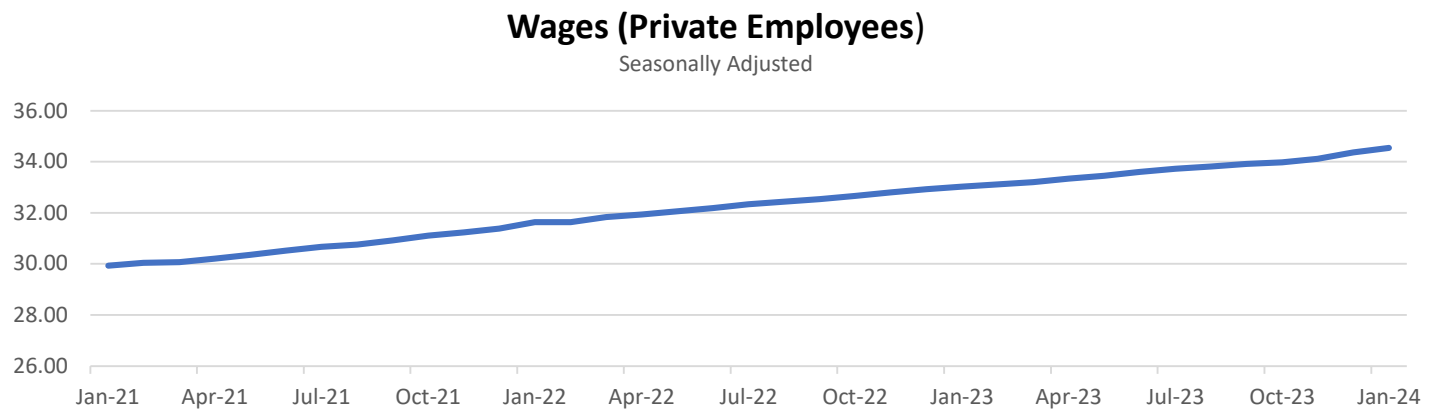
² The Conference Board; [US Consumer Confidence \(conference-board.org\)](https://www.conference-board.org/US-Consumer-Confidence)



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 2023, real GDP increased by 0.8%³ over Q3 2023, continuing to reverse the decline experienced in the first two quarters of last calendar 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 \$34.55. This rise of \$0.19 from December represents a 0.6% increase⁴.** The last time wages decreased from the prior month was in June 2020 reflecting impacts of the pandemic.

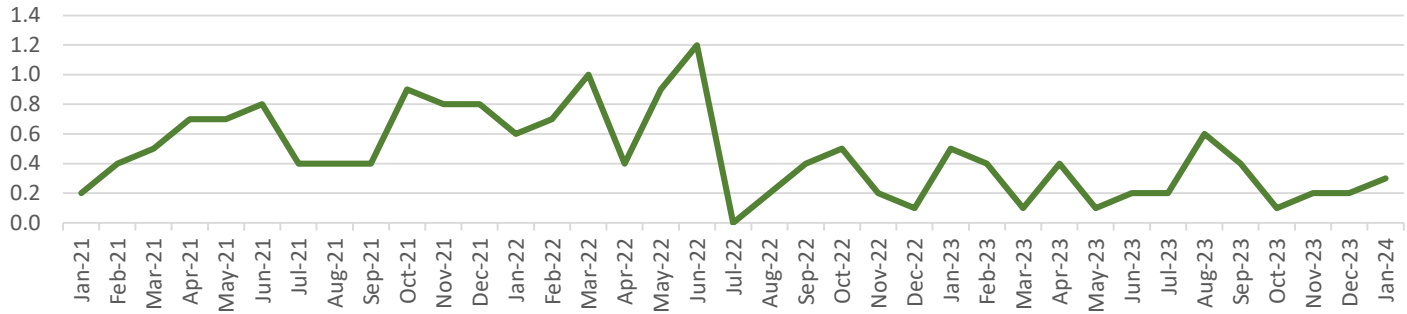
³ Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/GDP>; GDP data is published quarterly.

⁴ Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/CES0500000003>



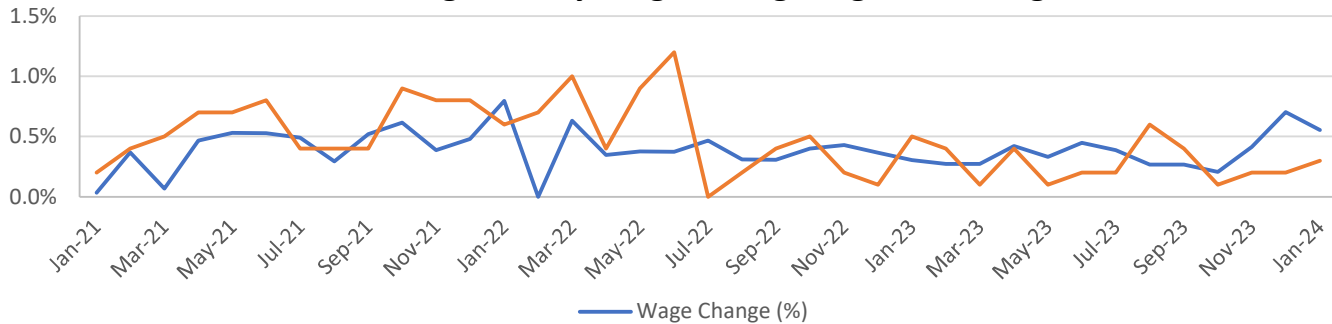
National Metrics

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 2023, the consumer price index rose by 0.3%**⁵. The current 12-month CPI growth is 3.8% (unadjusted) as reported by the Bureau of Labor Statistics. This is 3.5% less than the trailing 12-month average of 7.2%, indicating continued inflation less than that of last year.

Average Hourly Wage Changes against Changes in CPI



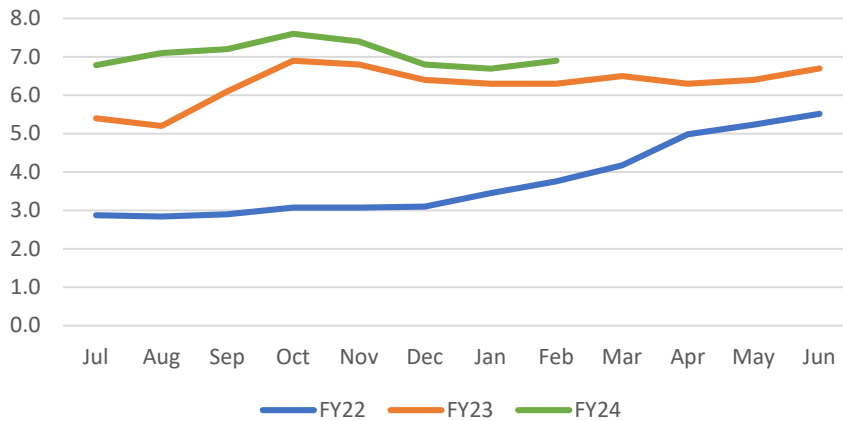
Average Hourly Wage Changes against Changes in the Consumer Price Index analyzes the relationship between national wages and consumer pricing, and more loosely, its affiliate inflation. It should be noted that this graph encompasses month over month changes, with both metrics demonstrating continuous upwards growth over the past 2 years of recorded data. **January's monthly wage growth of 0.6% was higher than the CPI's growth of 0.3%, a positive outcome for consumer buying power.**

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



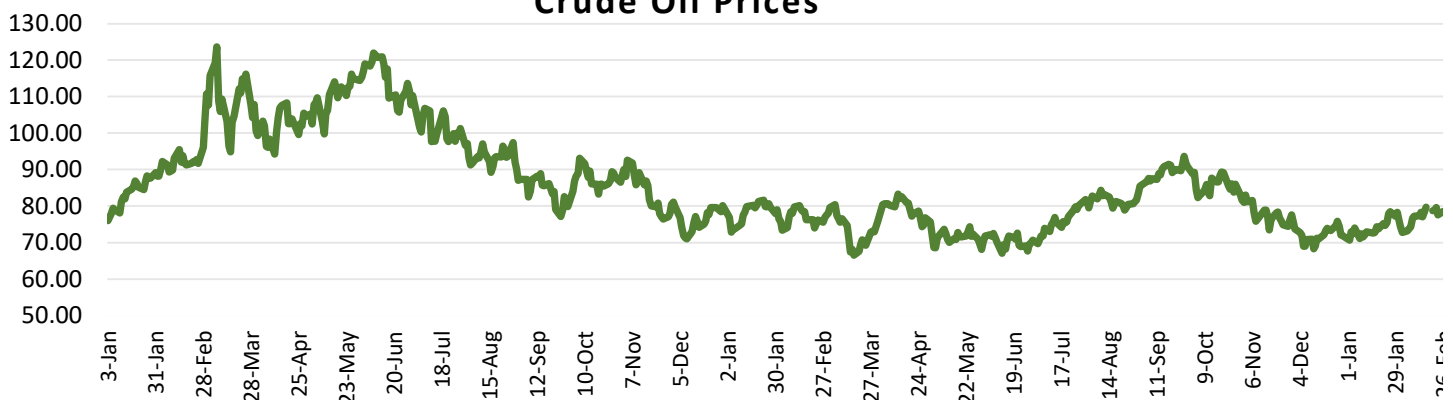
National Metrics

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 2024, the 30-year fixed mortgage interest rate increased from 6.7% in December to 6.9%**⁶.

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; the latest February 2024 pricing was recorded at \$78.53, a 36.5% decline from March’s peak**⁷. The volatility seen throughout 2022 illustrated exactly how impactful world events are on the price of crude, which subsequently impacted consumer spending and other economic inputs.

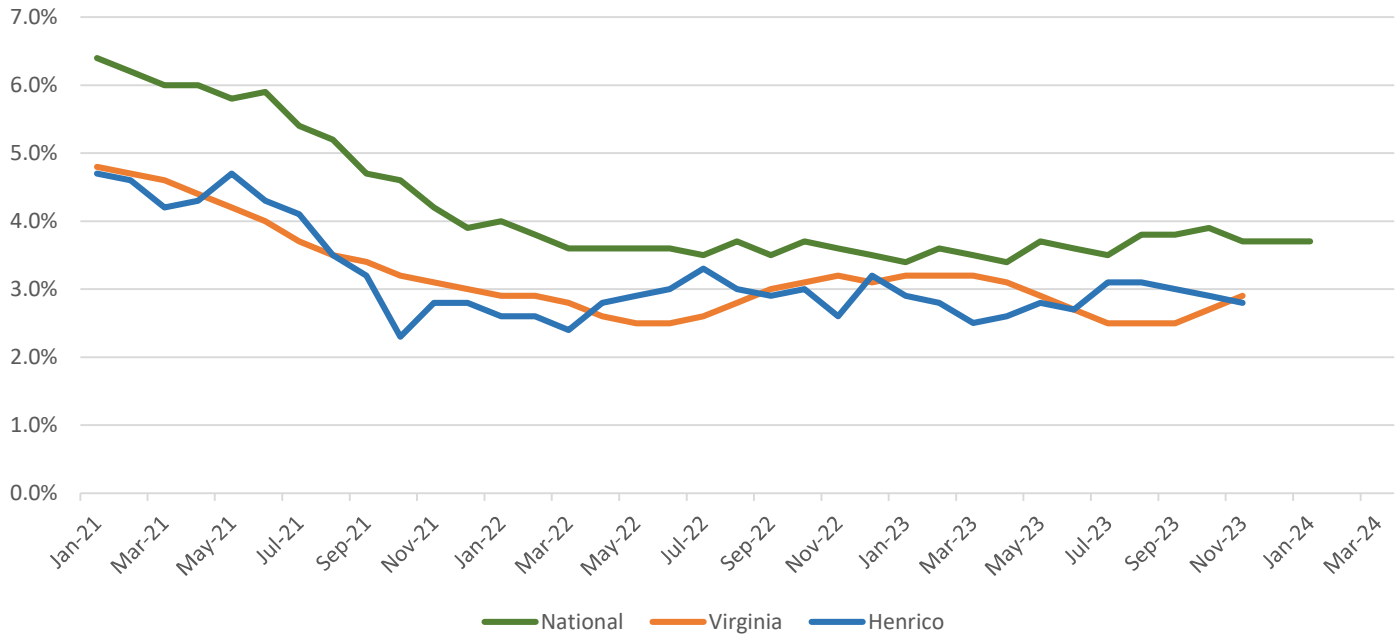
⁶ Freddie Mac; [30-Year Fixed-Rate Mortgages Since 1971 - Freddie Mac](https://freddie.com/research/30-year-fixed-rate-mortgages-since-1971/)

⁷ Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/DCOILWTIC0>



Combined Metrics

Unemployment Rates

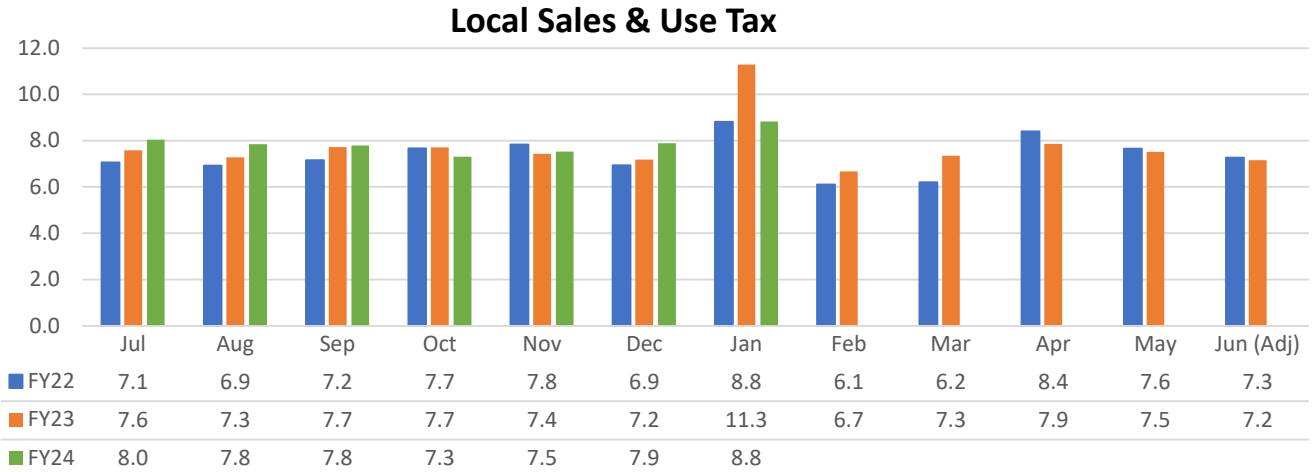


The **Unemployment Rate** shows the number of unemployed people as a percentage of the workforce. Known as the U-3 unemployment rate, an individual must be actively seeking work or laid off to be included. State unemployment data lags roughly six weeks while local unemployment data lags 9 weeks. **In the month of January, the unemployment rate remained stagnant at the national level at 3.7%. In the month of December, the state unemployment rate rose 0.1% from 2.9% to 3.0%; In Henrico unemployment rates dropped from 2.9% to 2.8%**⁸. Historically, Henrico unemployment rates have trended closely with the National and State levels.

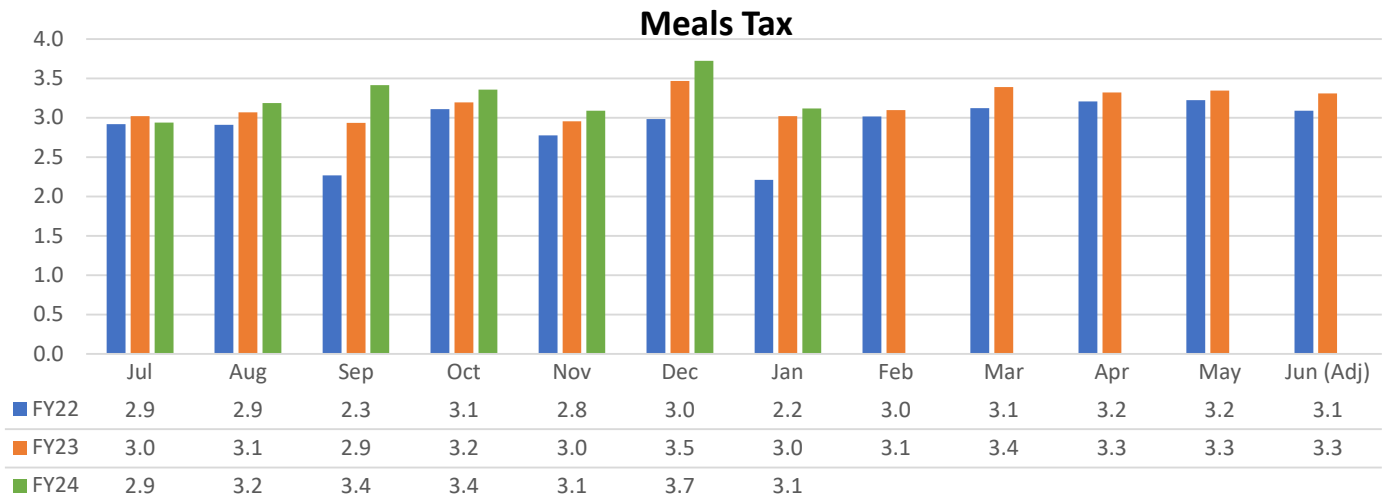
⁸ US Bureau of Labor Statistics; <https://data.bls.gov/lausmap/showMap.jsp>



Henrico Metrics



Henrico County **Sales & Use Tax** amounts to 6% on each purchase collected by the Commonwealth. By law, 1% is then remitted back to the County from the State. **January FY24 recorded collections of \$8.8 million, 24.4% lower than the same period in FY23.** This spike was attributed to a one-time audit payment recorded in January FY23. January FY24 collections are still firmly in line with historic averages and are the second highest in the recorded dataset, second to only January FY23.

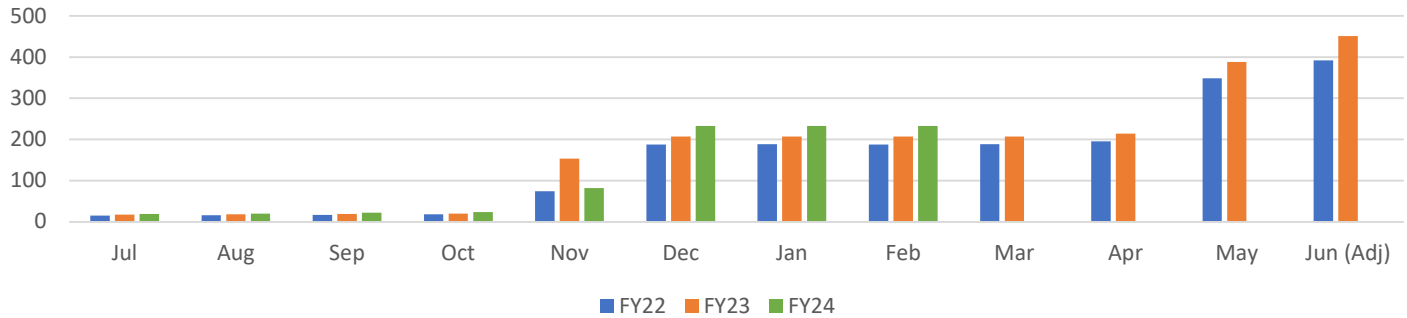


Henrico's **Meals Tax** establishes a 4% tax on prepared food and beverages. Revenue generated by the Meals Tax is dedicated to the operational and capital project needs of Henrico's Public Schools. Collections are backdated two months and compared as year-over-year monthly collections. **January FY24 collections of \$3.1 million represent an increase of 3.3% over January FY23 collections.** FY23 collections of \$38.1 million far exceeded pandemic and pre-pandemic levels reflecting an overwhelming resurgence in dining out.



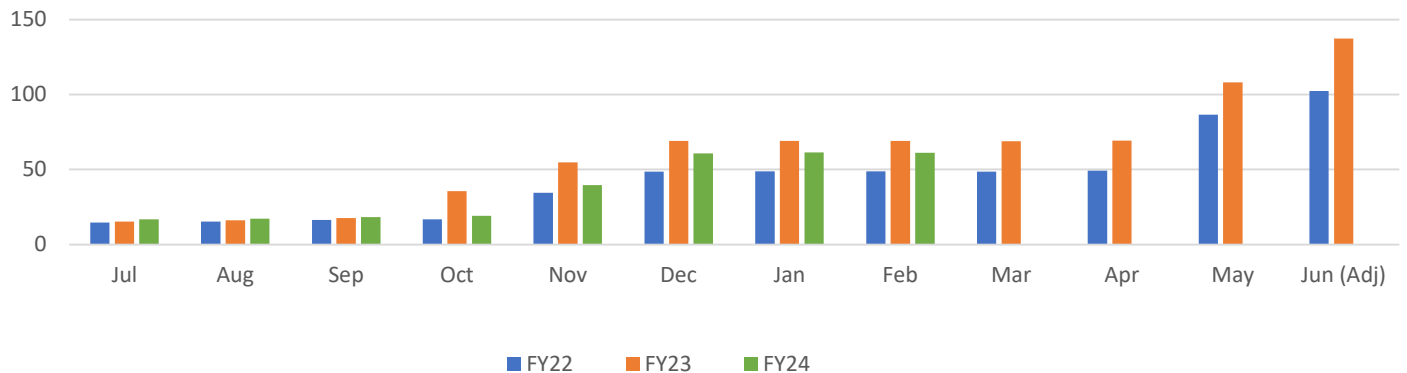
Henrico Metrics

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. At the time of publication, **Real Property Tax collections for February FY24 year-to-date recorded \$233 million.** The graph above represents cumulative collections through the fiscal years.

Personal Property Taxes (\$ Millions)

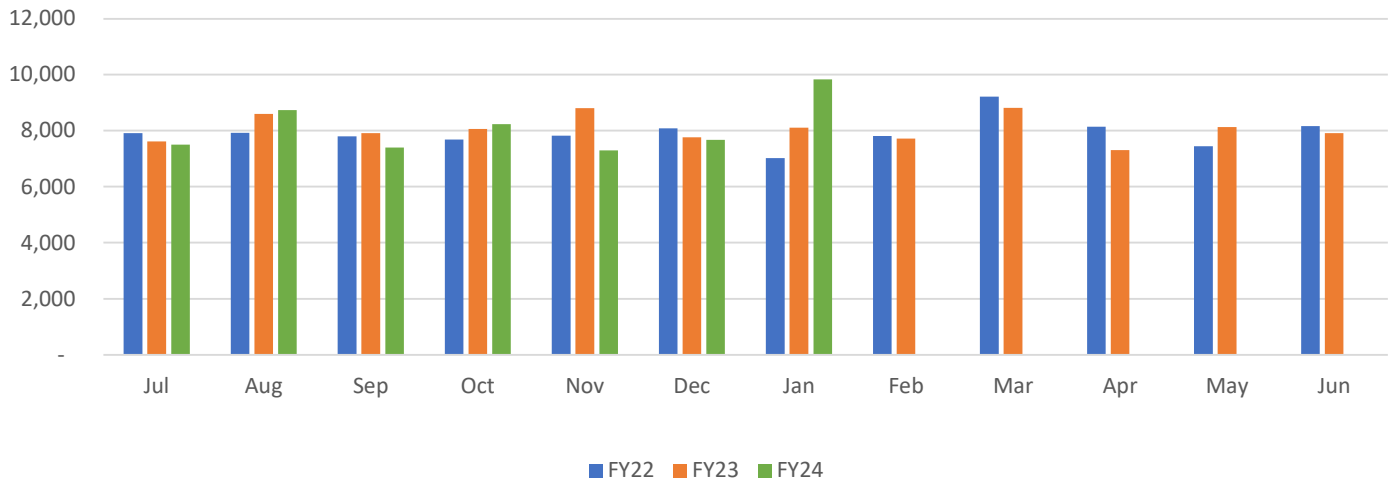


Personal Property Taxes are collected on all vehicles including cars, trucks, trailers, motorcycles, motor homes, aircraft, and watercraft. Personal property is collected in the locality where it is normally garaged, docked, or parked. Henrico County uses the J.D. Power Official Used Car Guide as of January 1st of each year to establish valuations. Collections are due twice a year in December and June. **Personal Property Tax Collections for February FY24 totaled \$61 million.** 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.

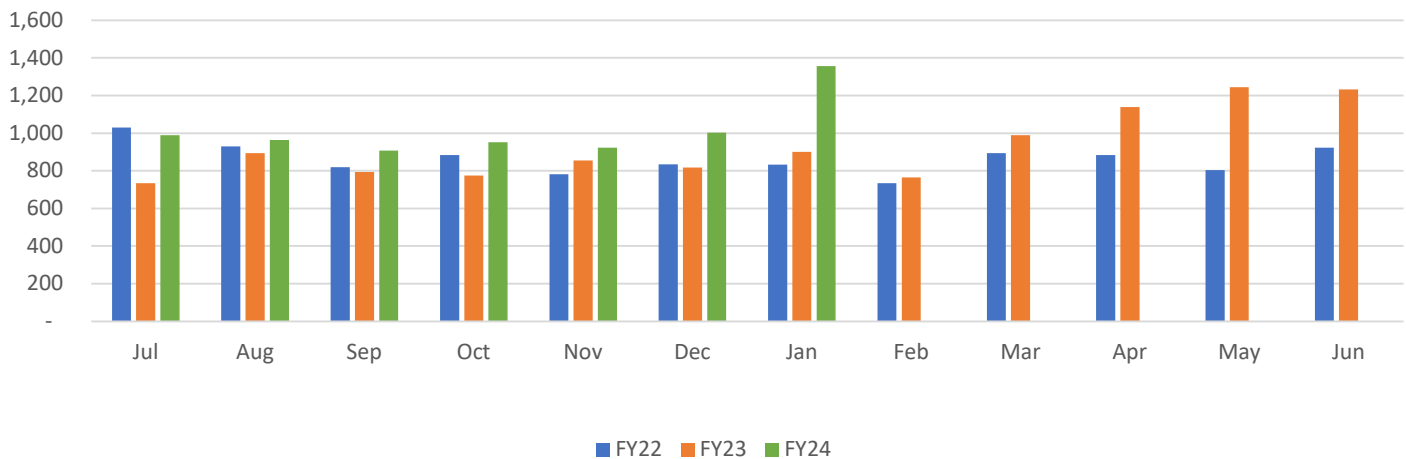


Henrico Metrics

Used Car Registration



New Car Registration

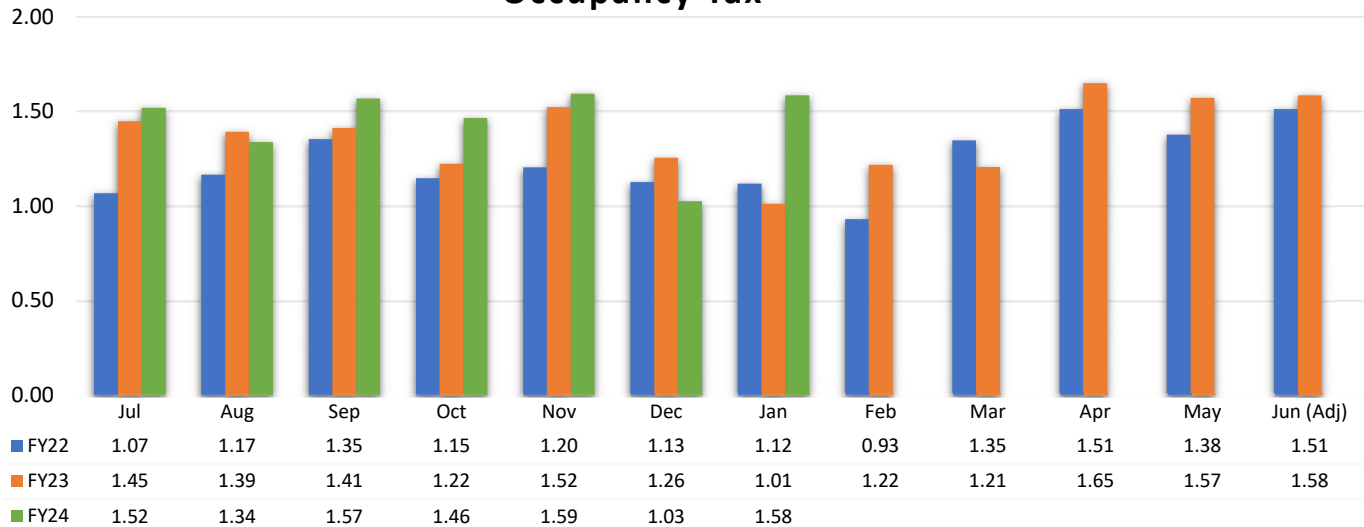


Vehicle Registration data is acquired from the Virginia Department of Transportation and is comprised of both new and used vehicles; the metric strongly correlates to vehicle sales. **Used Car Registrations in January** recorded 9,835, a count 1,725 higher than that of January FY23. **New Car Registrations in January** recorded 1,356, a count 455 higher than January FY23. **New Car Registrations** have consistently exceeded FY23 values, marking a return to normalcy in supply chain operations.



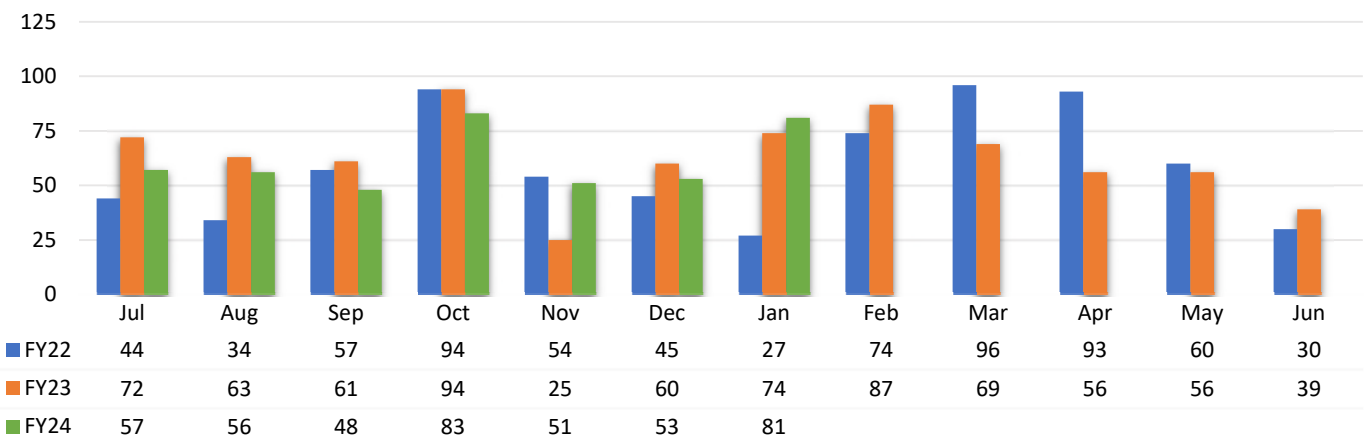
Henrico Metrics

Occupancy Tax



Henrico's **Occupancy Tax** is collected on lodging for overnight stays. **Occupancy Tax collections in January FY24 strongly exceed those of January FY23 by \$0.57 million.**

New Residential Construction

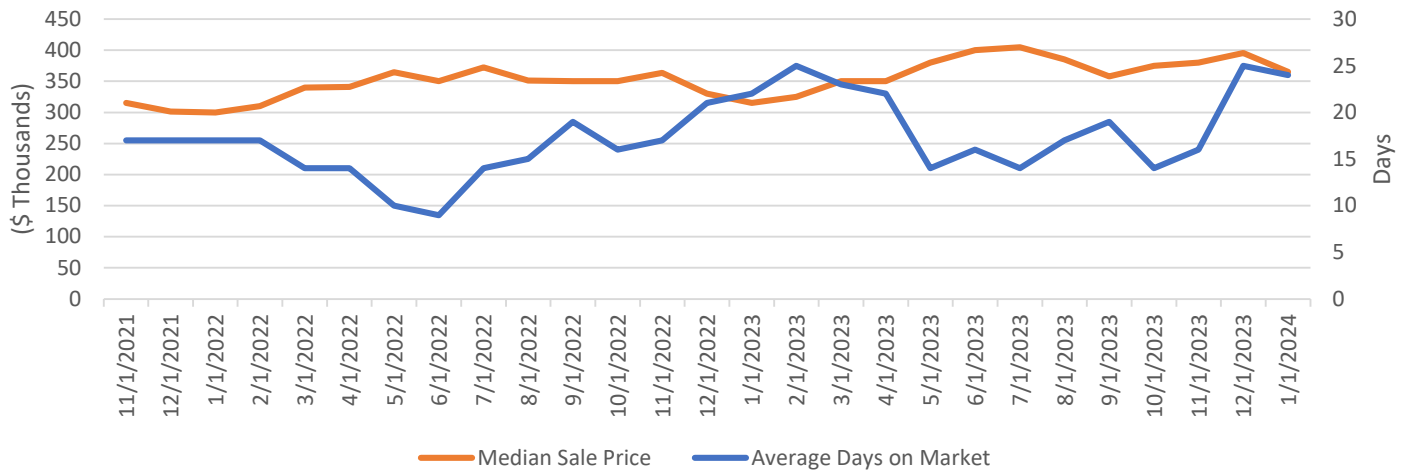


New Residential Construction is comprised of new single-family houses that were issued building permits. A slowdown may indicate worsening economic conditions, increased competition from neighboring localities, or a lack of expansion capabilities. **January FY24 construction recorded 81 permits, 7 more than December FY23.**



Henrico Metrics

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



Average Days on the Housing Market and Median Sale 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 Sale 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 January 2023, the Median Sale Price dropped \$31,000 to \$365,000; this is 15.9% higher than the median of January 2022, and 21.7% higher than January 2021⁹.** Data suggests slow sales statewide as inventory remains scarce. Potential sellers may be reluctant to lose low mortgage rates issued in early 2020-2021, further reducing available supply¹⁰. Average Days on the Housing Market decreased from 25 in December to 24 in January.

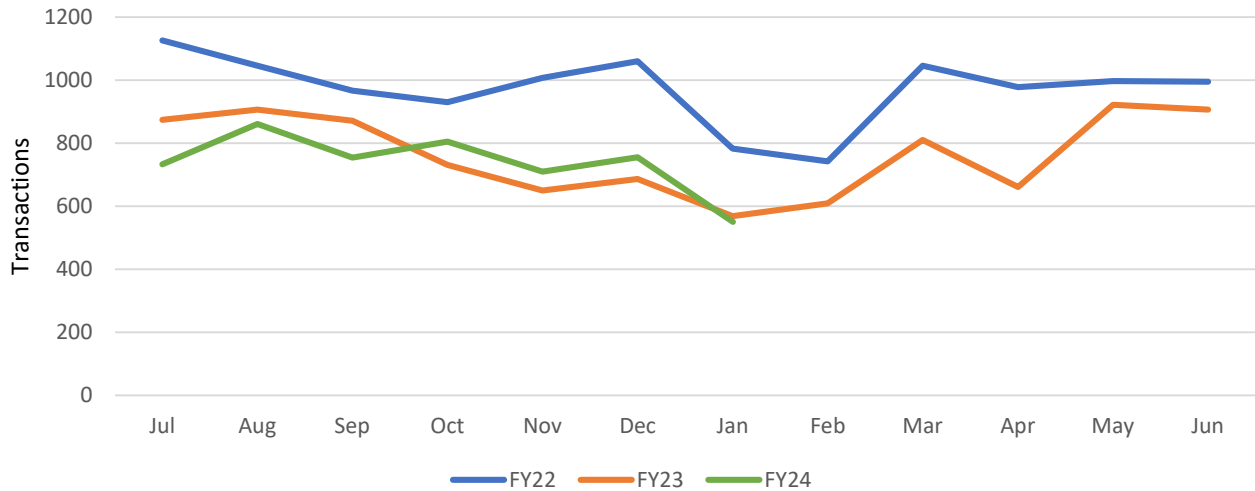
⁹ Long & Foster; <https://marketminute.longandfoster.com/market-minute/va/henrico-county.htm>

¹⁰ Katherine Schulte (Virginia Business) ; <https://www.virginiabusiness.com/article/va-housing-market-off-to-slow-start-in-2024/>



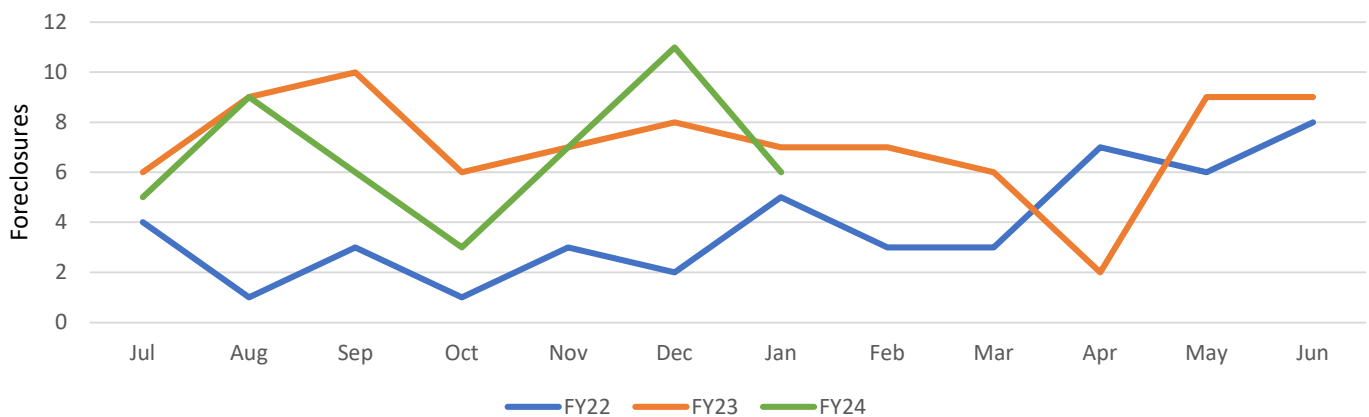
Henrico Metrics

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 represents a healthy and growing market. **551 total residential transactions were recorded in January, 18 less than January FY23.**

Residential Foreclosures

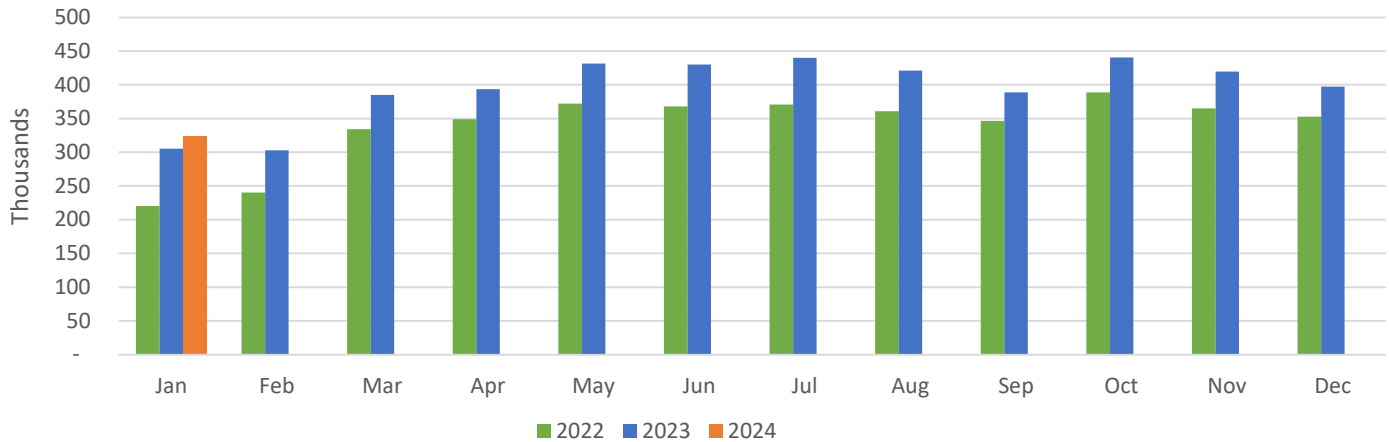


There were 6 foreclosures reported in January, a decrease of 5 from December.



Area Metric

Richmond Aviation Activity



Richmond Aviation Activity represents passenger activity in and out of 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 with Occupancy and Meals Tax collections. **January 2024 continues the trend of high passenger activity, up 5.89% from January of 2023¹¹.**

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