



### 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 (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 July yielded generally positive economic results across numerous measures, closely in line with those of June. The S&P 500 continued its upward growth, as witnessed over the past several months, and the Consumer Confidence Index continued to climb over July. Perhaps the most significant indicator of the month was growth in the Median Sales Price for homes in Henrico County, hitting \$400,000 in June, the highest in recorded history for the County. This comes over several months of continual increases in 2023 and sits at 14.3% higher than June of 2022. Rising 30-year Fixed Mortgage rates have not slowed housing activity. Tax collections continue to remain strong across all observed segments in FY24.

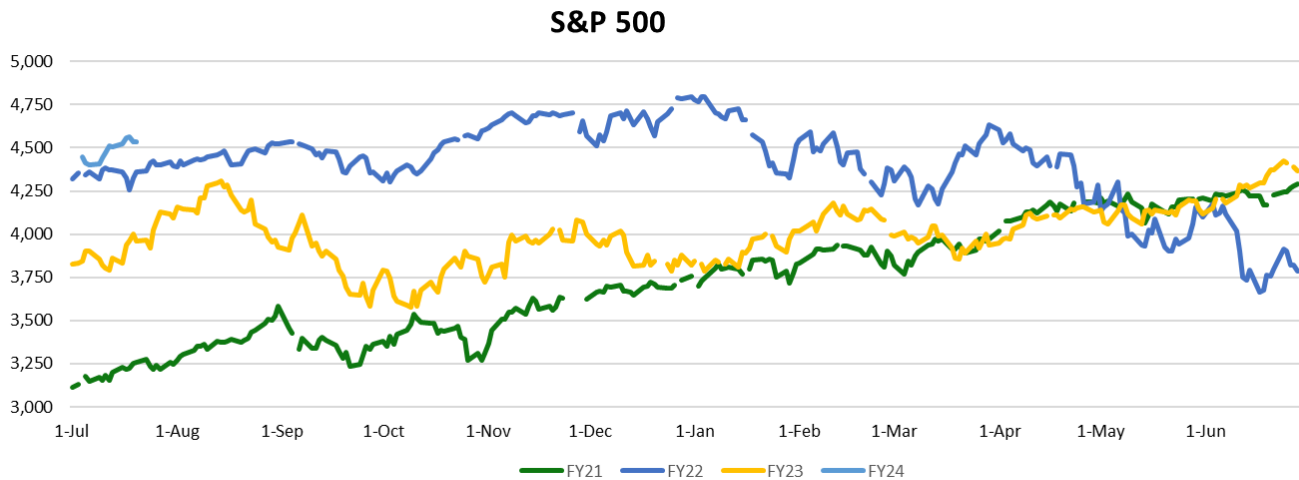
### Metrics Considered

- **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

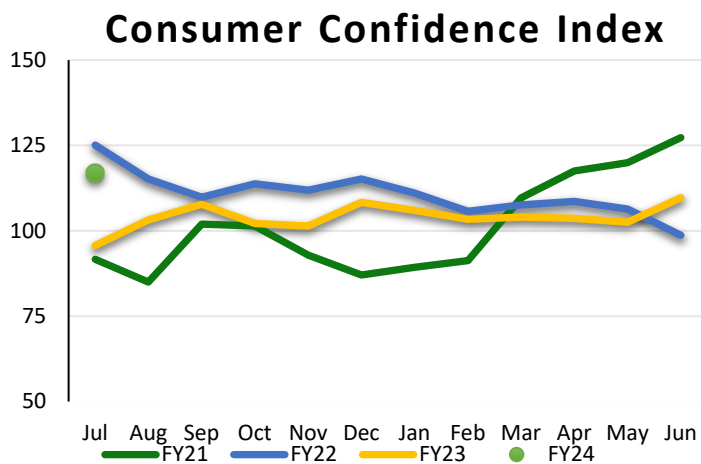


## National Metrics

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 rose steadily through July, gaining approximately 85 points over the close of June<sup>1</sup>. This marked a new high last seen in April 2022.**



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 July the index increased substantially from 109.7 to 117, the highest recorded point since July of FY22. Consumers cited positive expectations for future business and employment conditions<sup>2</sup>.**

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

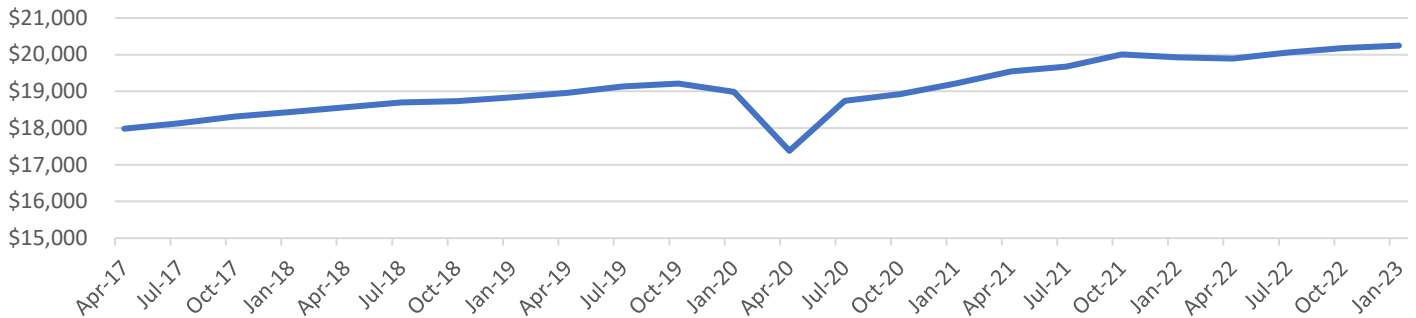
<sup>2</sup> The Conference Board; [US Consumer Confidence \(conference-board.org\)](https://www.conference-board.org)



## National Metrics

### Real GDP (\$B)

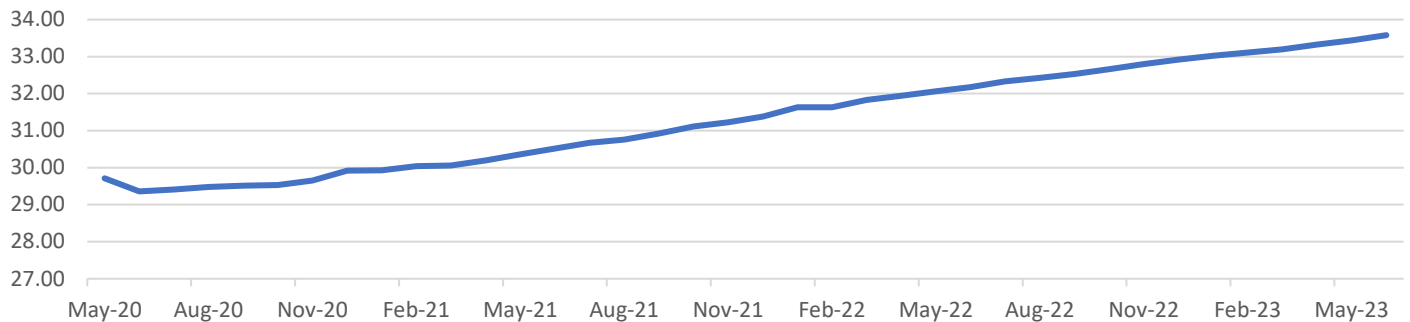
Seasonally Adjusted



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 first quarter of 2023, real GDP increased by 0.3%<sup>3</sup> when compared to Q4 2022, continuing to reverse the decline experienced in the first two quarters of last calendar year.**

### Wages (Private Employees)

Seasonally Adjusted



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 June, the average hourly wage increased to \$33.58. This rise of \$0.14 from May represents a 0.4% increase<sup>4</sup>.** The last time wages decreased from the prior month was in June 2020 reflecting impacts of the pandemic.

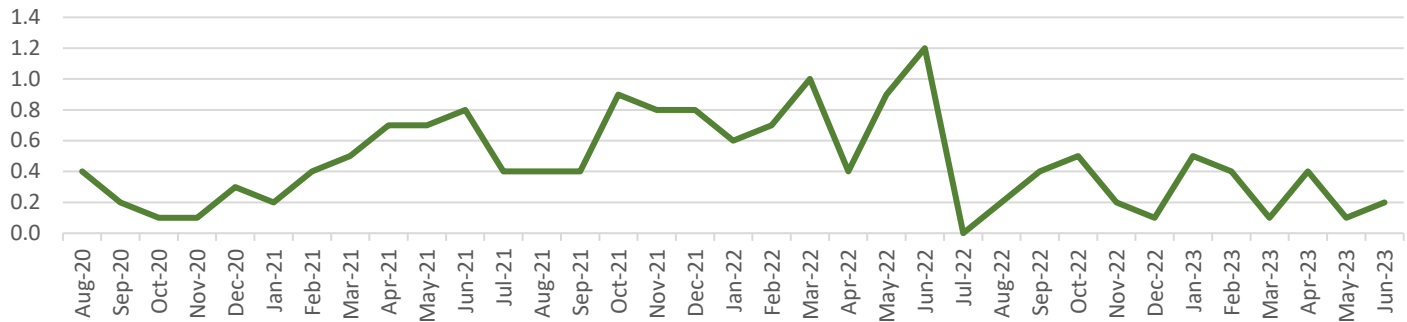
<sup>3</sup> Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/GDP>; GDP data is published quarterly.

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



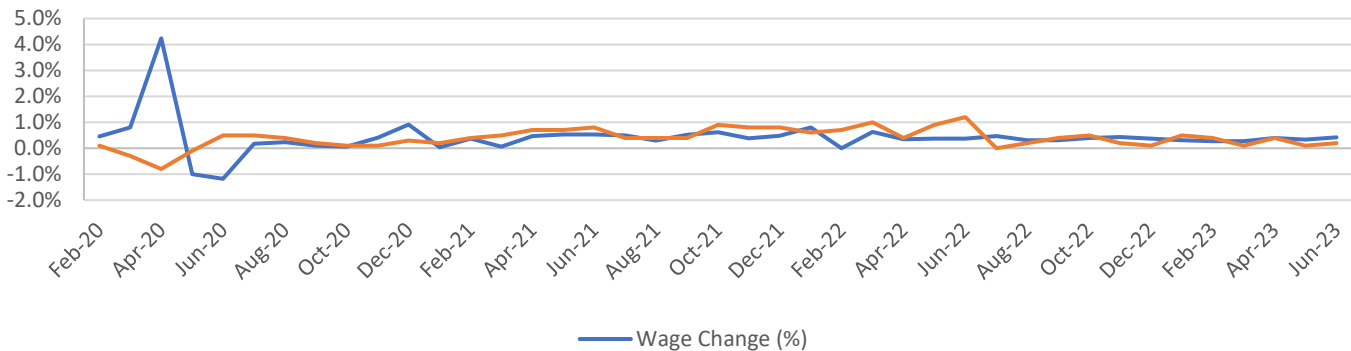
## National Metrics

### 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 June 2023, the consumer price index rose by 0.2%<sup>5</sup>.** The current 12-month CPI growth is 4.4% (unadjusted) as reported by the Bureau of Labor Statistics. This is 5.3% less than the trailing 12-month average of 9.7%, indicating continued inflation less than that of last year.

### Average Hourly Wage Changes against Changes in CPI



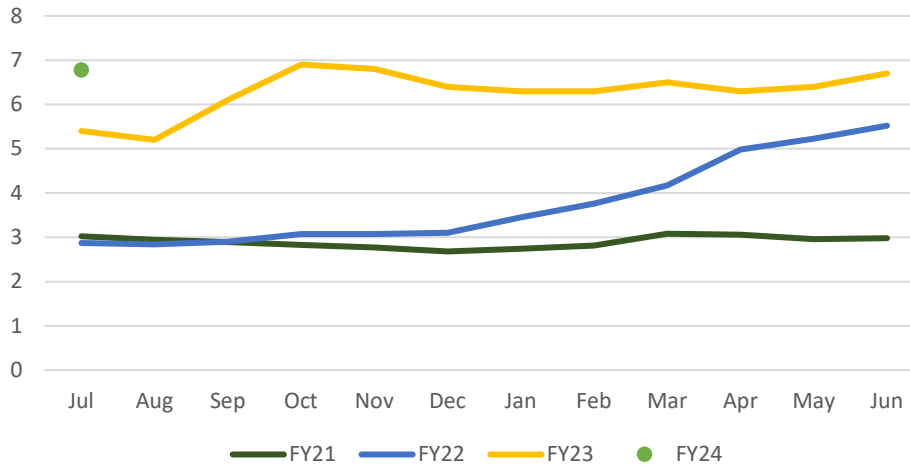
**Average Hourly Wage Changes against Changes in the Consumer Price Index** analyzes the relationship between national wages and consumer pricing, and more loosely, its affiliate inflation. It should be noted that this graph encompasses month over month changes, with both metrics demonstrating continuous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



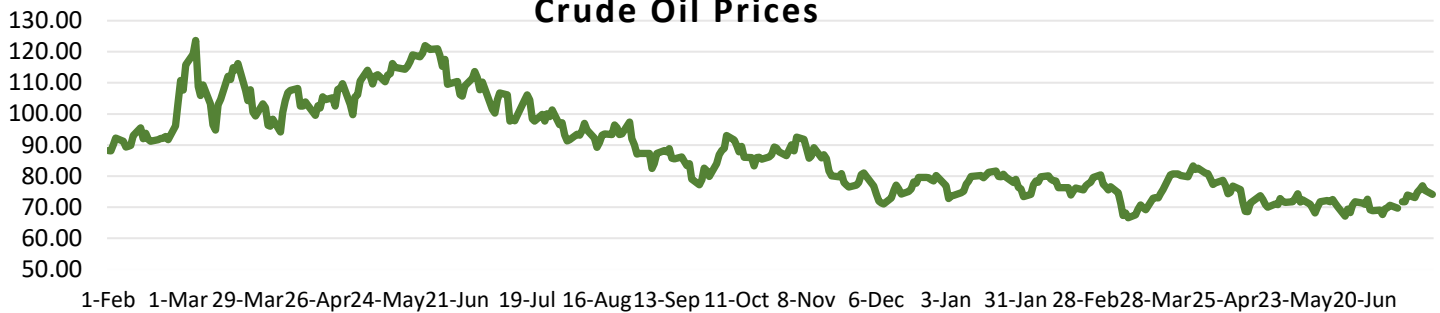
## National Metrics

### 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 July 2023, the 30-year fixed mortgage interest rate rose marginally from June at 6.8%<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 July 2023 pricing was recorded at \$74.17, a 40.0% decline from March’s peak and a return to prices comparable to January 2022<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.

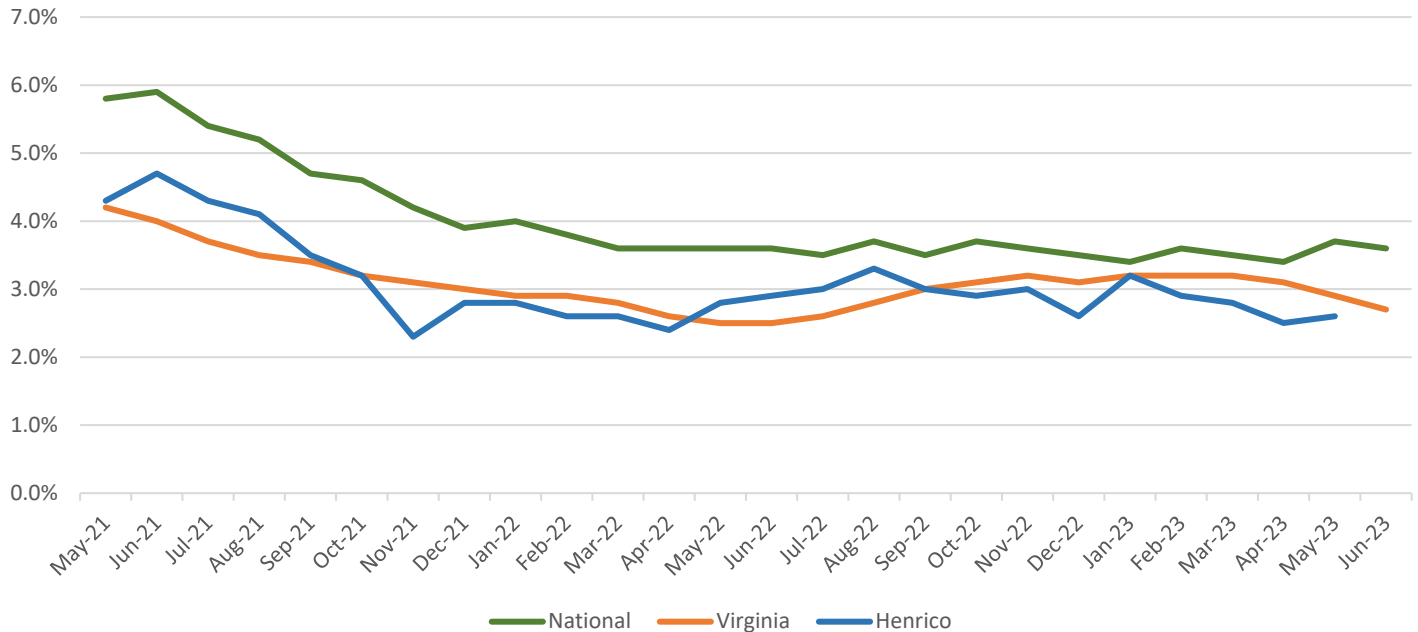
<sup>6</sup> Freddie Mac; [30-Year Fixed-Rate Mortgages Since 1971 - Freddie Mac](https://freddie.com/research/mortgage-rates/)

<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 June, the unemployment rate dropped 0.1% at the National level and 0.2% at the State level. In the month of May, unemployment rose 0.1% in Henrico<sup>8</sup>.** Historically, Henrico unemployment rates have trended closely with the National and State levels.

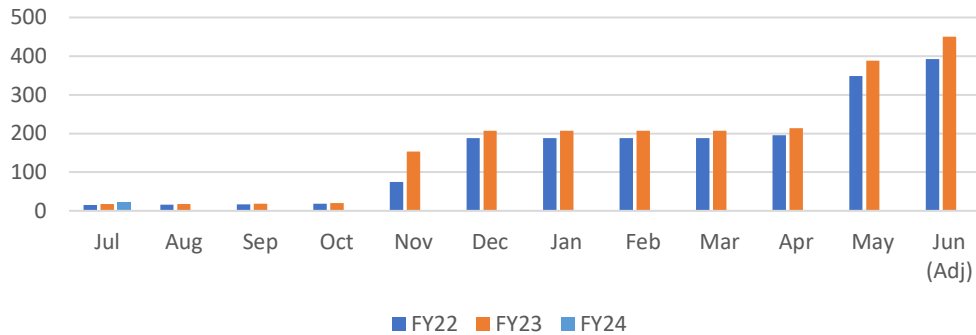
<sup>8</sup> US Bureau of Labor Statistics; <https://data.bls.gov/lausmap/showMap.jsp>





### Henrico Metrics

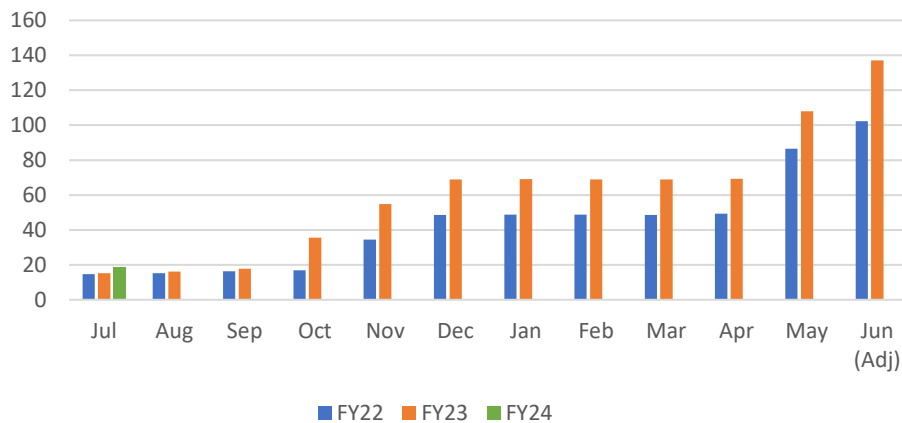
**Real Property Taxes**  
(\$ Millions)



**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 July FY24 recorded \$21 million; 20.3% higher than July FY23.** 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

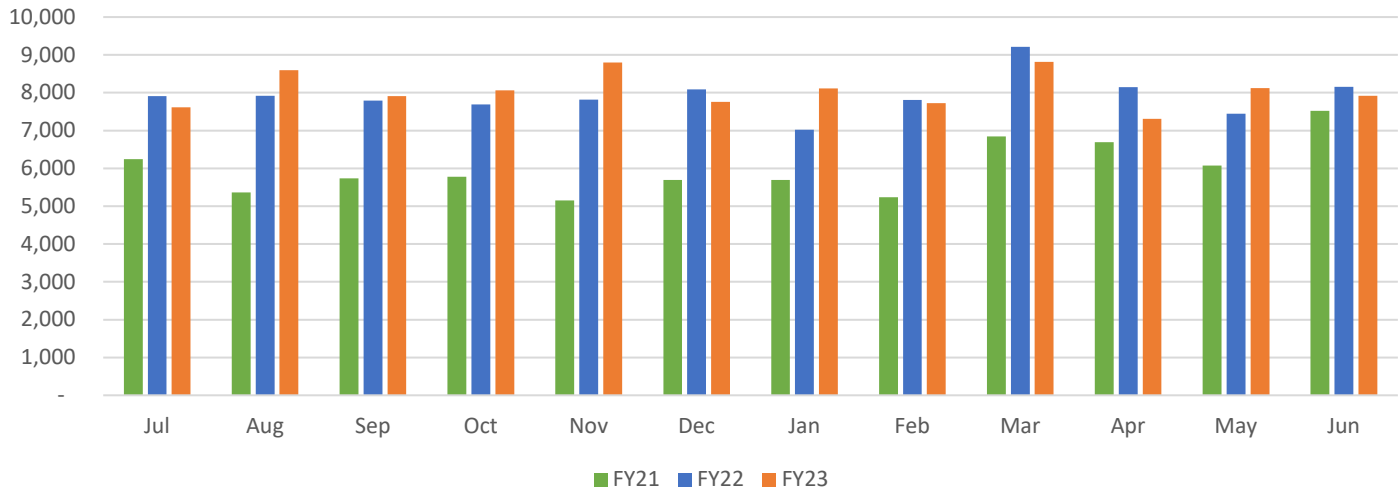
a year in December and June. **Personal Property Tax Collections for July FY24 totaled \$19 million; 23.5% greater than July FY24.** Personal Property tax collections will reflect significant increases in used vehicle assessments. These increases are the result of price volatility in the used vehicle market due to supply chain shortages. In FY23, 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.



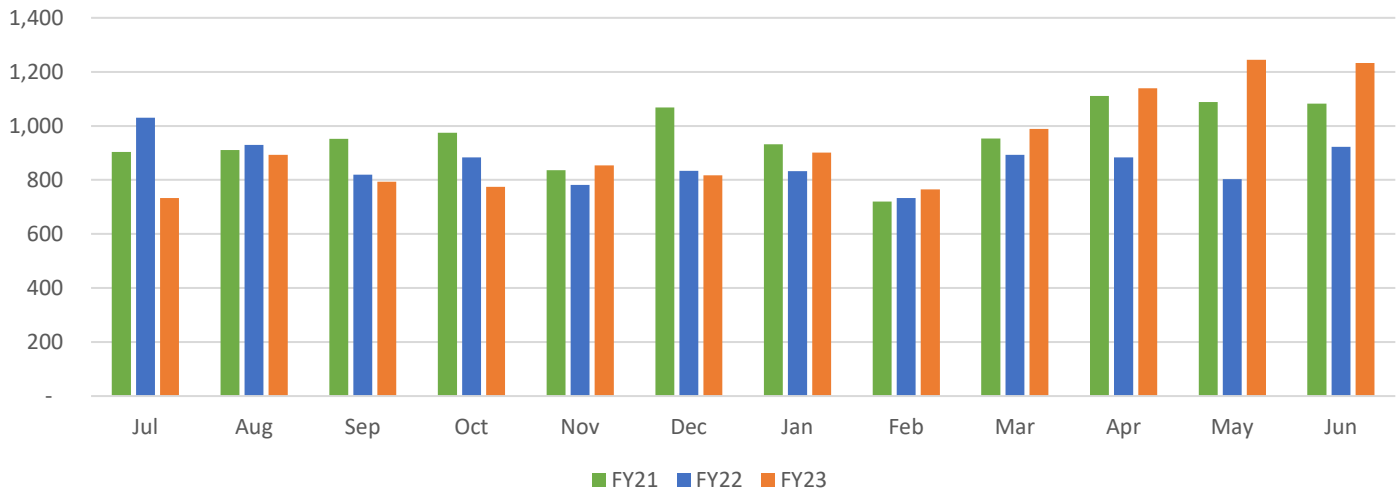


## Henrico Metrics

### Used Car Registration



### New Car Registration

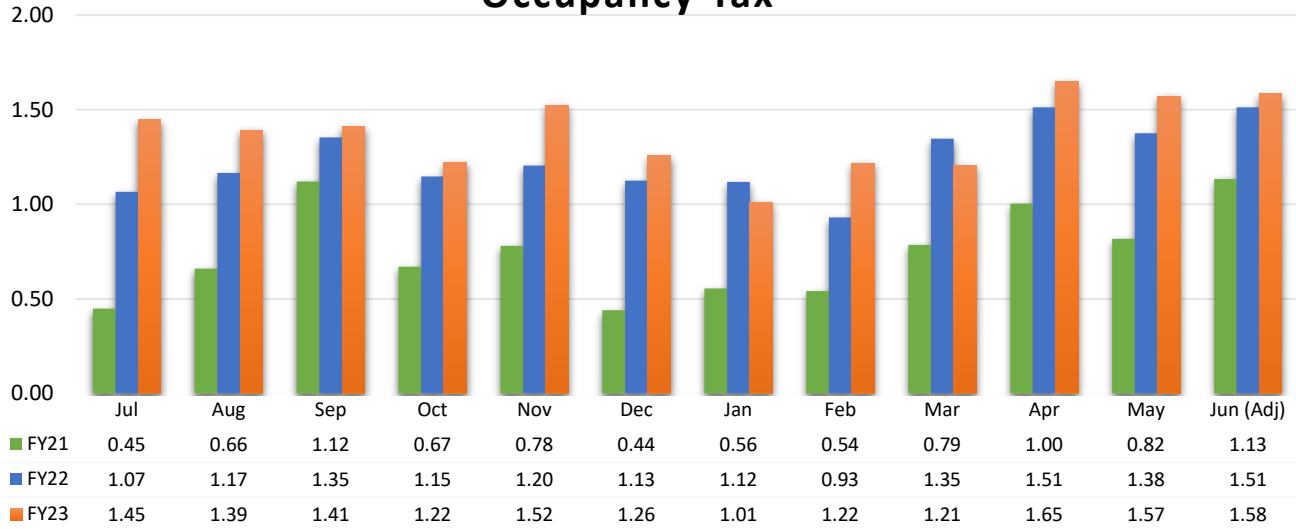


**Vehicle Registration** data is acquired from the Virginia Department of Transportation and is comprised of both new and used vehicles; the metric strongly correlates to vehicle sales. **Used Car Registrations in June recorded 7,917; 241 lower than June of FY22. Year to Date collections were 1,733 higher than FY22. New Car Registrations in June recorded 1,233; 311 higher than June FY22.**



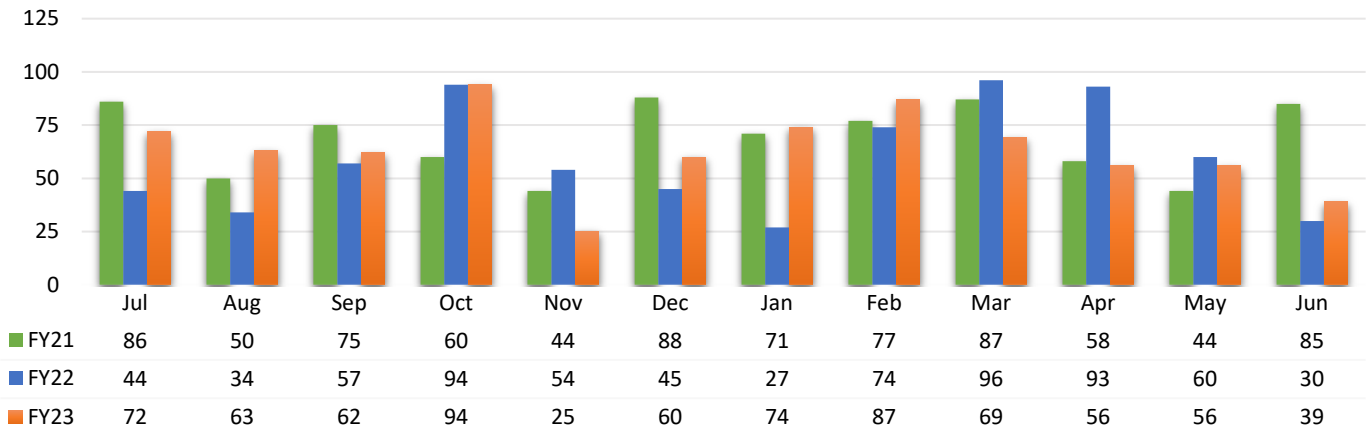
## Henrico Metrics

### Occupancy Tax



Henrico's **Occupancy Tax** is collected on lodging for overnight stays. **Occupancy Tax collections in June were \$0.07 million higher than those of June FY22 and \$1.64M higher than FY22 year-to-date.** Occupancy Tax collections have returned to pre-pandemic normalcy.

### New Residential Construction

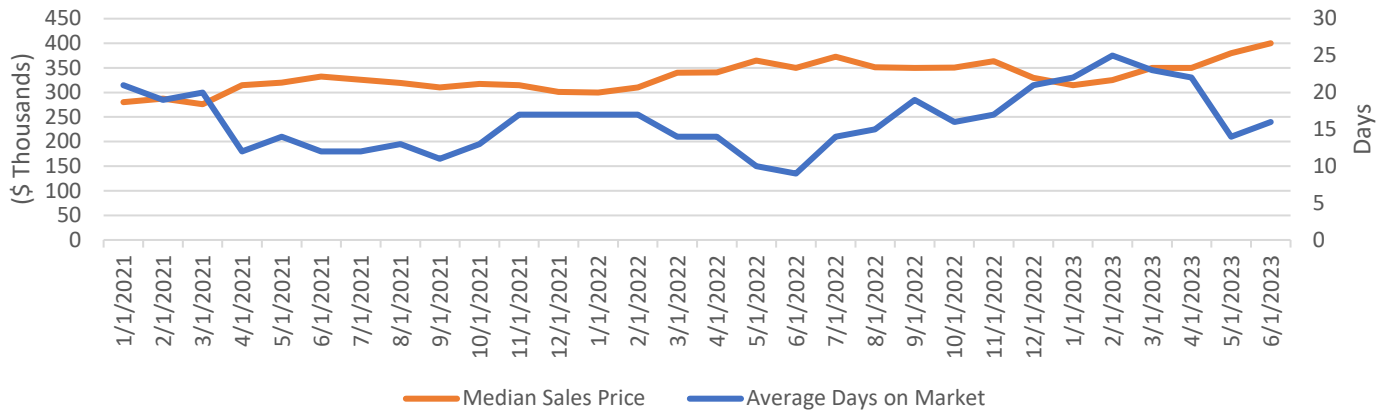


**New Residential Construction** is comprised of new single-family houses that were issued building permits. A slowdown may indicate worsening economic conditions, increased competition from neighboring localities, or a lack of expansion capabilities. **June FY23 construction recorded 39 permits, 9 higher than June FY22.**



## Henrico Metrics

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



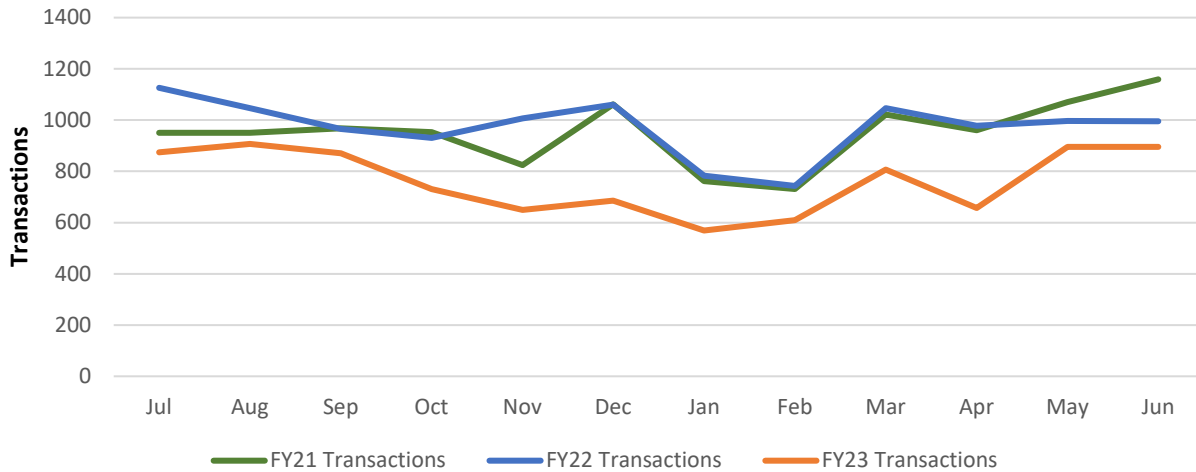
**Average Days on the Housing Market and Median Sales Price** provides a benchmark of the state of the housing market in Henrico. An increase in the time spent on market may indicate a slowing of the housing market, while a decrease may indicate acceleration. Median Sales Price tracks the middle value of homes sold in the County that month and can provide insight into the general direction of the market. **In the month of June 2023, the Median Sales Price was \$400,000, a \$20,000 increase over May, and the highest in recorded County history. The median is 14.29% higher than June 2022, and 20.3% higher than June 2021<sup>9</sup>.** Average Days on the Housing Market rose from 14 in May to 16 in June.

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



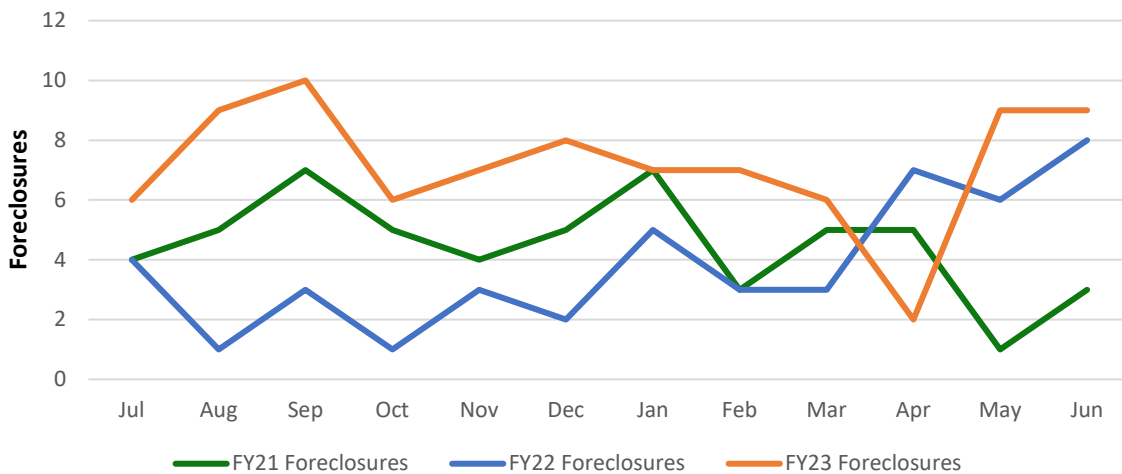
## Henrico Metrics

### 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. **895 total residential transactions were recorded in June. This marks a decline of 100 from June 2022 and a continued decline in fiscal year-to-date transactions.**

### Residential Foreclosures

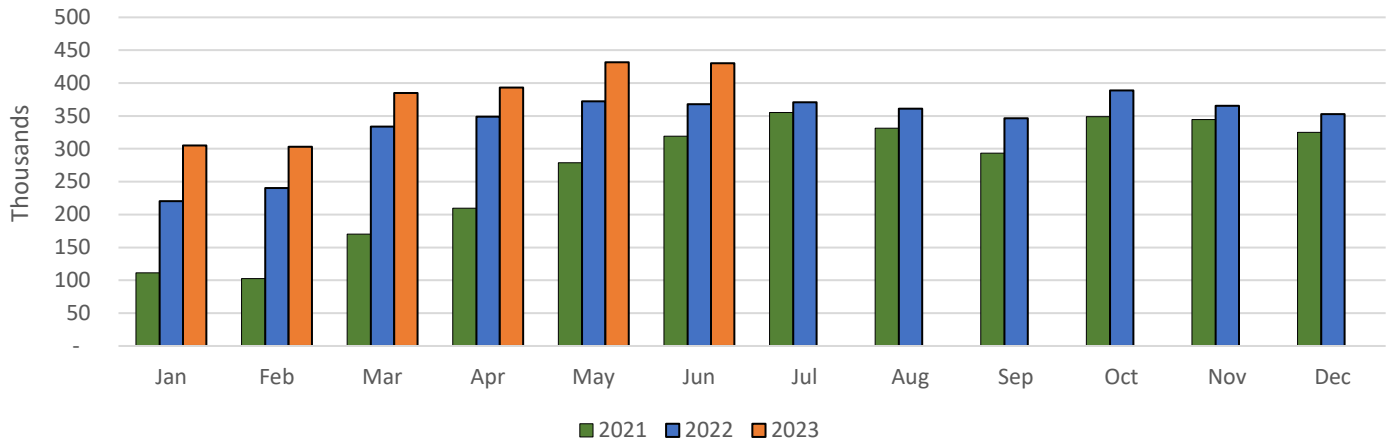


There were 9 foreclosures reported in June.



## 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. **June 2023 reported the second highest number of passenger activity since before this metric's data recordation began in January 2015<sup>10</sup>.**

<sup>10</sup> Richmond International Airport; <https://flyrichmond.com/airport-information/>



### Summary of Financials Period Ended June 30, 2023

	<u>FY23 Approved Budget</u>	<u>FY23 Revised Budget</u>	<u>FY23 YTD Actuals</u>	<u>FY23 Projected Remaining Actuals</u>	<u>Total Projected FY23 Actuals</u>	<u>Over / Under Budget</u>
Revenues from Local Sources	796,520,200	796,520,200	915,235,405	15,050,000	930,285,405	133,765,205
Revenue from the Commonwealth	421,949,865	427,297,950	437,002,743	7,198,515	444,201,258	16,903,308
Revenue from the Federal Government	385,000	385,000	395,099	-	395,099	10,099
<b>Total General Fund Revenues</b>	<b>1,218,855,065</b>	<b>1,224,203,150</b>	<b>1,352,633,249</b>	<b>22,248,515</b>	<b>1,374,881,763</b>	<b>150,678,613</b>
General Government Expenditures	460,940,765	526,719,351	496,653,618	5,000,000	501,653,618	25,065,733
Education Expenditures	602,656,057	621,068,359	585,001,985	10,000,000	595,001,985	26,066,374
<b>Total General Fund Expenditures</b>	<b>1,063,596,822</b>	<b>1,147,787,710</b>	<b>1,081,655,603</b>	<b>15,000,000</b>	<b>1,096,655,603 *</b>	<b>51,132,107</b>
<b>Net before Transfers</b>	<b>155,258,243</b>	<b>76,415,440</b>	<b>270,977,646</b>	<b>7,248,515</b>	<b>278,226,159</b>	<b>201,810,720</b>
Less:						
Interfund Transfers	211,886,628	226,712,991	226,712,991	-	226,712,991	
<b>Projected Addition To (Use of) Fund Balance</b>	<b>(56,628,385)</b>				<b>51,513,168</b>	

This **Summary of Financials, Period Ended June 30, 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.

\*Includes an estimate of \$25M in encumbrances excluded from expense projections