



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

March yielded largely positive economic results. The S&P 500 continued its upward climb, surpassing last month's previous record, to reach a new peak in the dataset. The index has experienced steady growth since November FY24. Unemployment rose marginally at the National level but remained stable at the State and County levels. The Median Sales Price of homes in the County decreased by \$2,000 over February, falling directly in line with the cyclical nature of home prices seen in recent years. This metric is expected to rise as it fluctuates throughout 2024, but limited inventory statewide has hampered sales volume, thus encouraging close continued monitoring. Thirty-year fixed mortgage rates went unvaried at 6.8%. Year-to-date tax collections remained strong across all bases. While occupancy taxes lagged those of February 2023, local sales and use tax collections in February were higher than the year prior, and both used and new car registrations experienced sharp upticks, indicating a robust and functioning economy.

Metrics Considered

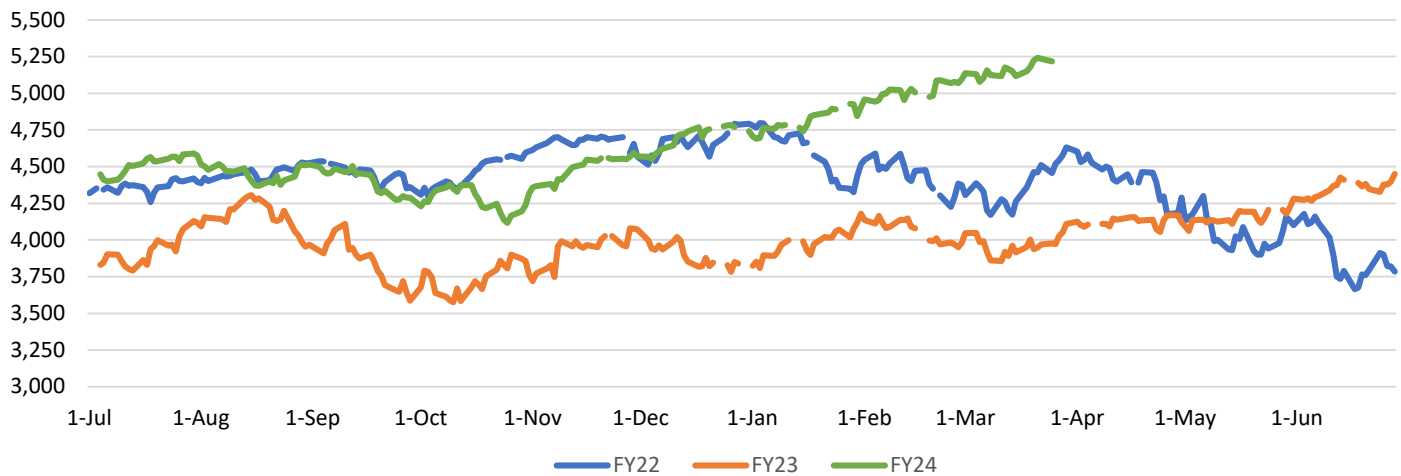
- **National:** S&P 500, Consumer Confidence Index, Real GDP, Wages, Consumer Price Index, Average Hourly Wage Changes against Changes in the Consumer Price Index, 30-Year Fixed Mortgage Rate, Crude Oil Prices
- **Virginia:** Unemployment Rate
- **Henrico:** Local Sales & Use Tax, Meals Tax, Real Property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

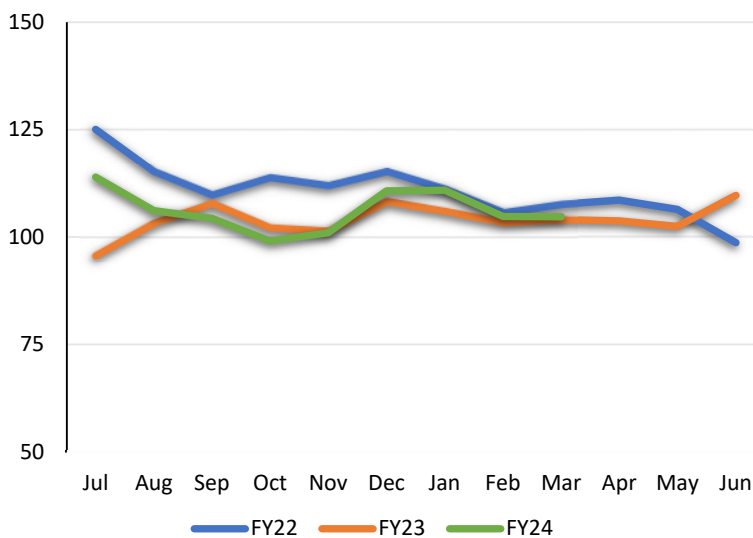
These indicators provide a mix of hard financial data as well as consumer consensus surveys to provide a macroeconomic and microeconomic view of the United States.

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 its steady rise over March, reaching 5,218 points, its highest peak in three fiscal years¹. The index has been on a strong upswing since early November of 2023.**

Consumer Confidence Index



The **Consumer Confidence Index** is a monthly survey given to 5,000 randomly selected 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 went essentially unchanged, going from a revised 104.8 to 104.7. Consumers cited continued concern over inflated prices primarily regarding food and gas².**

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

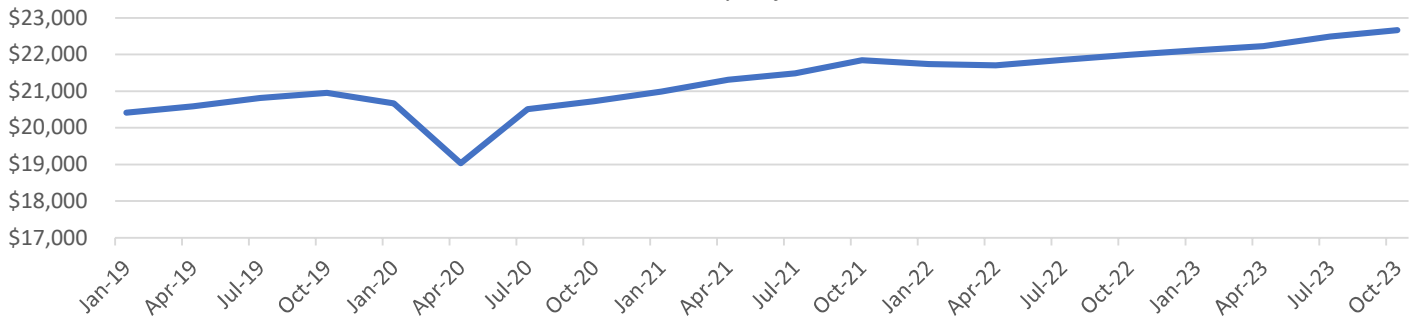
² The Conference Board; [US Consumer Confidence \(conference-board.org\)](https://www.conference-board.org/US-Consumer-Confidence)



National Metrics

Real GDP (\$B)

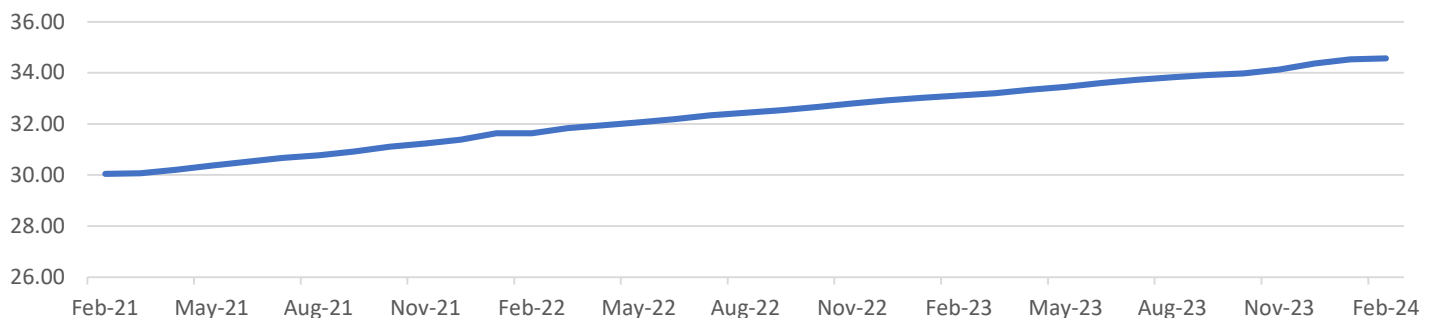
Seasonally Adjusted



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 fourth quarter of 2023, real GDP increased by 0.8%³ over Q3 2023, continuing the upward trend experienced since Q3 2022.**

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 February, the average hourly wage increased to \$34.57. This rise of \$0.05 from January represents a 0.1% increase⁴.** The last time wages decreased from the prior month was in June 2020 reflecting impacts of the pandemic.

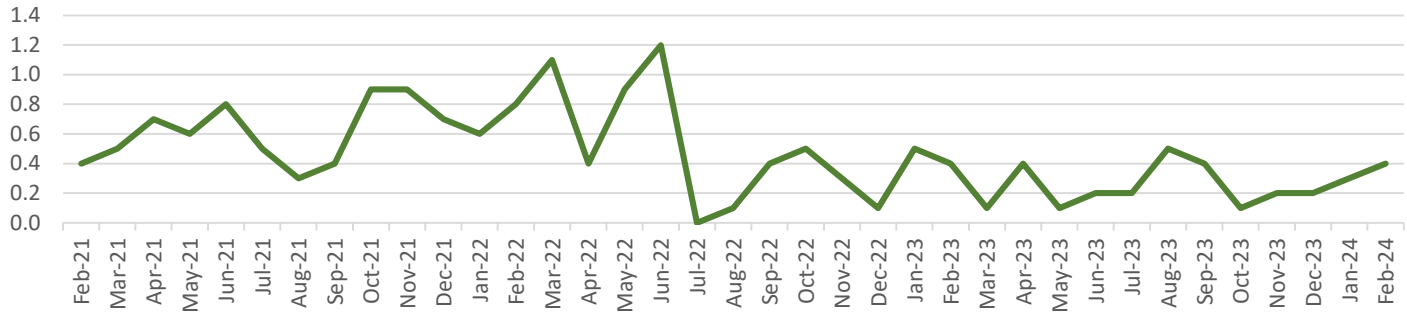
³ Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/GDP>; GDP data is published quarterly.

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



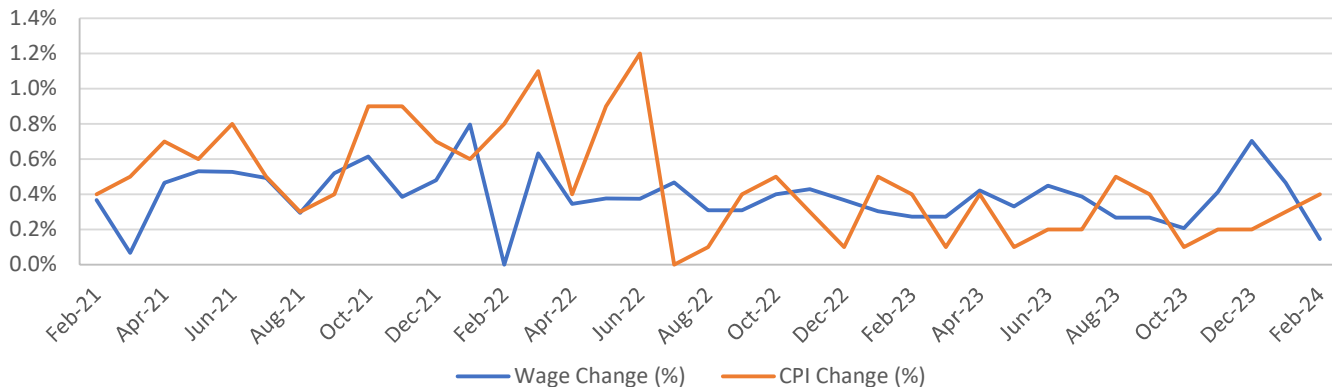
National Metrics

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 2023, the consumer price index rose by 0.4%⁵.** The current 12-month CPI growth is 3.6% (unadjusted) as reported by the Bureau of Labor Statistics. This is 3.2% less than the trailing 12-month average of 6.8%, indicating continued inflation less than that of last year.

Average Hourly Wage Changes against Changes in CPI



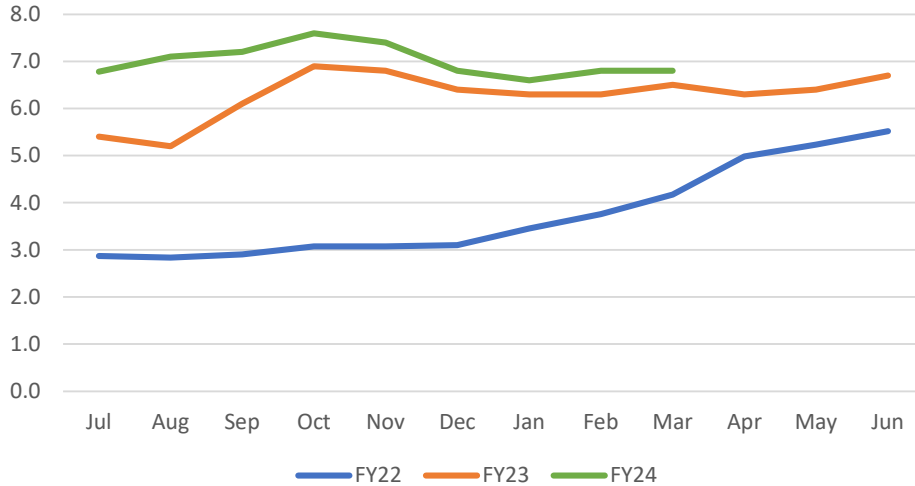
Average Hourly Wage Changes against Changes in the Consumer Price Index analyzes the relationship between national wages and consumer pricing, and more loosely, its affiliate inflation. It should be noted that this graph encompasses month over month changes, with both metrics demonstrating continuous upwards growth over the past 2 years of recorded data. **February’s monthly wage growth of 0.1% was higher than the CPI’s growth of 0.4%, a negative outcome for consumer buying power.**

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



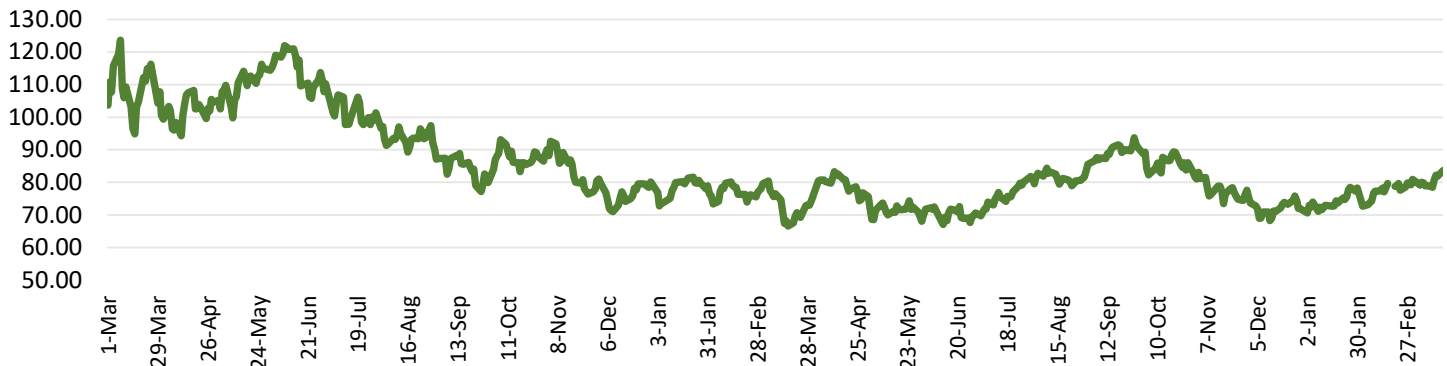
National Metrics

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 March 2024, the 30-year fixed mortgage interest rate remained flat at 6.8%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 March 2024 pricing was recorded at \$83.68, a 32.3% decline from March’s peak⁷.** 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.

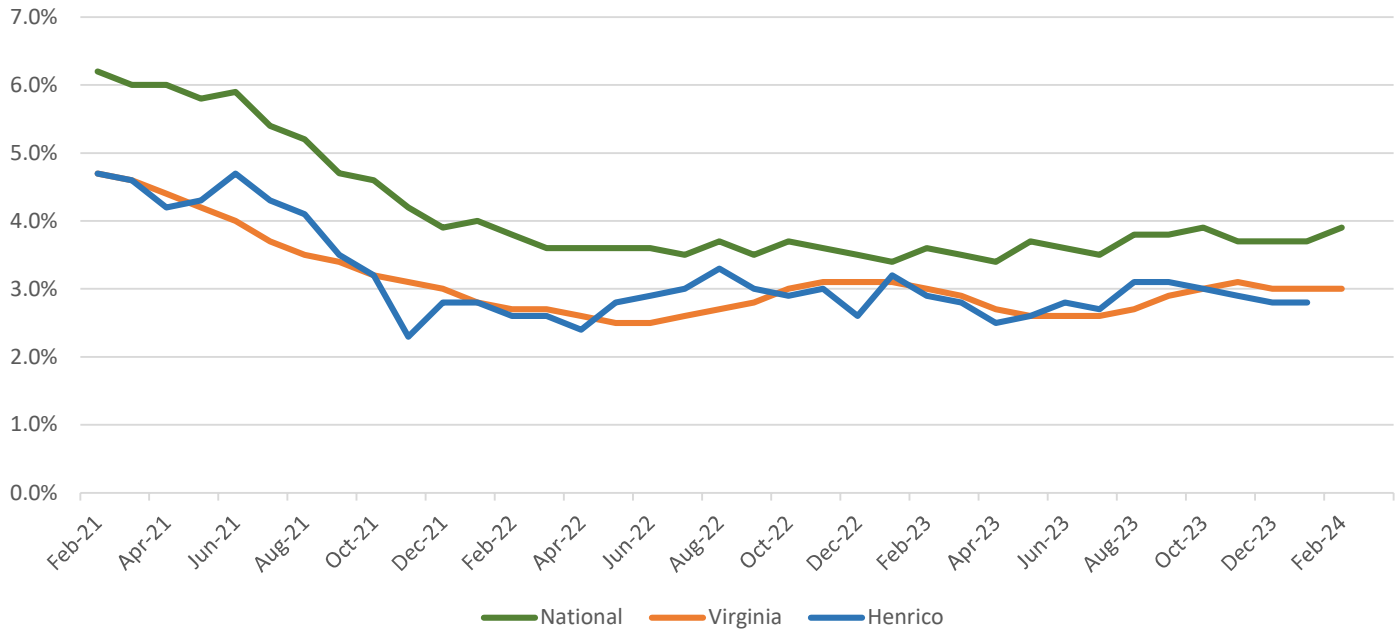
⁶ Freddie Mac; [30-Year Fixed-Rate Mortgages Since 1971 - Freddie Mac](https://freddie.com/research/30-year-fixed-rate-mortgages-since-1971/)

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



Combined Metrics

Unemployment Rates



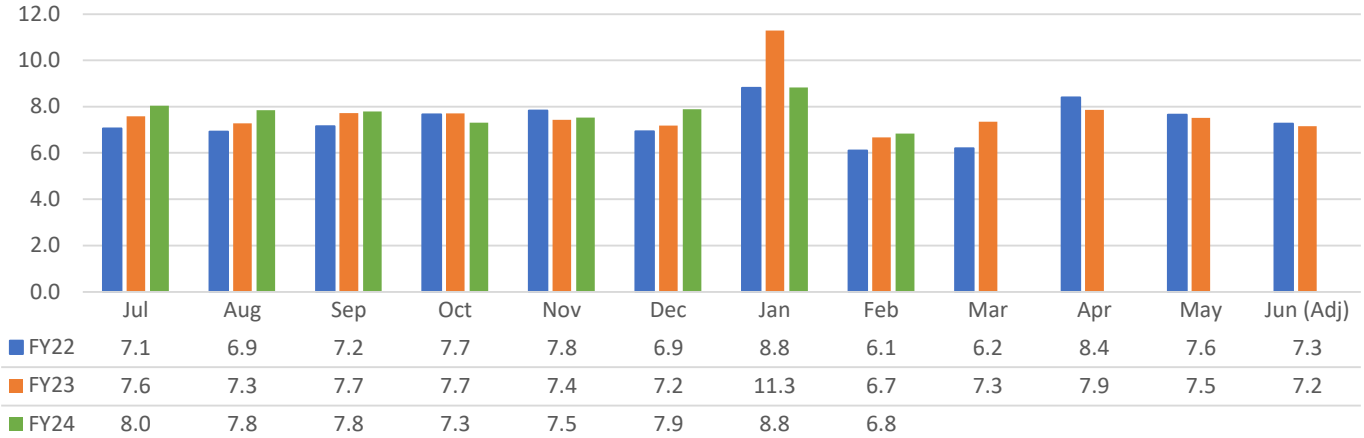
The **Unemployment Rate** shows the number of unemployed people as a percentage of the workforce. Known as the U-3 unemployment rate, an individual must be actively seeking work or laid off to be included. State unemployment data lags roughly six weeks while local unemployment data lags 9 weeks. **In the month of February, the unemployment rate rose from 3.7% to 3.9% at the national level and remained stagnant at 3.0% at the state level. In the month of January, Henrico unemployment rates stood flat at 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>



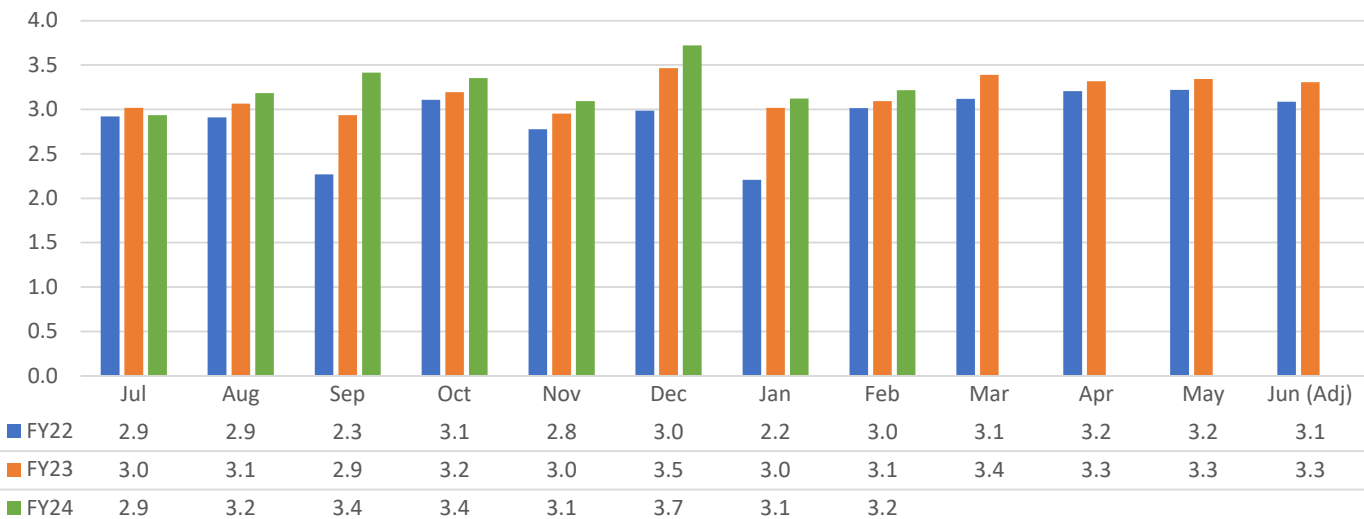
Henrico Metrics

Local Sales & Use Tax



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. **February FY24 recorded collections of \$6.8 million, 2.6% higher than the same period in FY23.**

Meals Tax

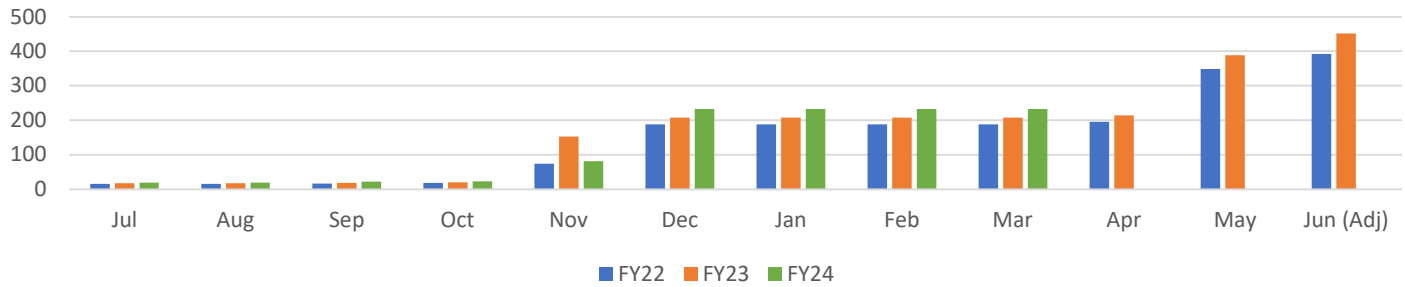


Henrico’s **Meals Tax** establishes a 4% tax on prepared food and beverages. Revenue generated by the Meals Tax is dedicated to the operational and capital project needs of Henrico’s Public Schools. Collections are backdated two months and compared as year-over-year monthly collections. **February FY24 collections of \$3.2 million represent an increase of 3.9% over February FY23 collections.** FY23 collections of \$38.1 million far exceeded pandemic and pre-pandemic levels reflecting an overwhelming resurgence in dining out.



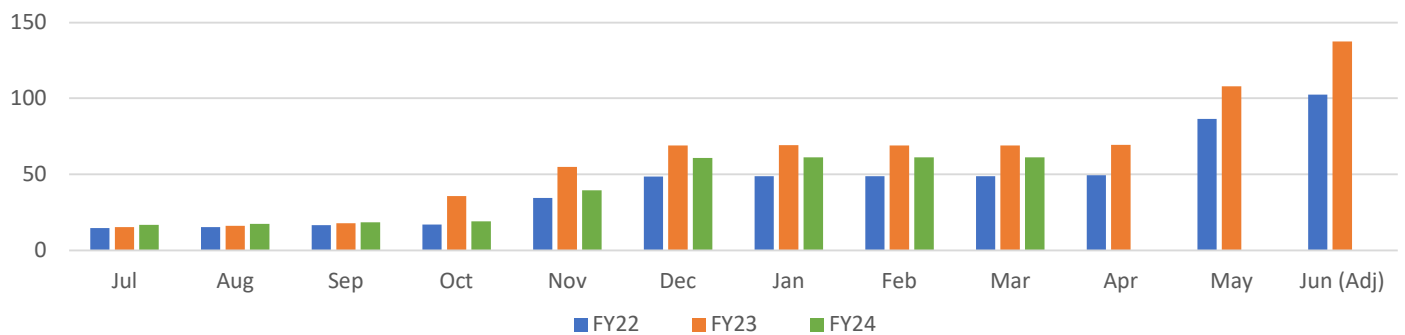
Henrico Metrics

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 March FY24 year-to-date recorded \$233 million.** Higher FYTD collections than any time previously recorded. This is largely due to the continued increase in home assessments witnessed in recent years.

Personal Property Taxes (\$ Millions)

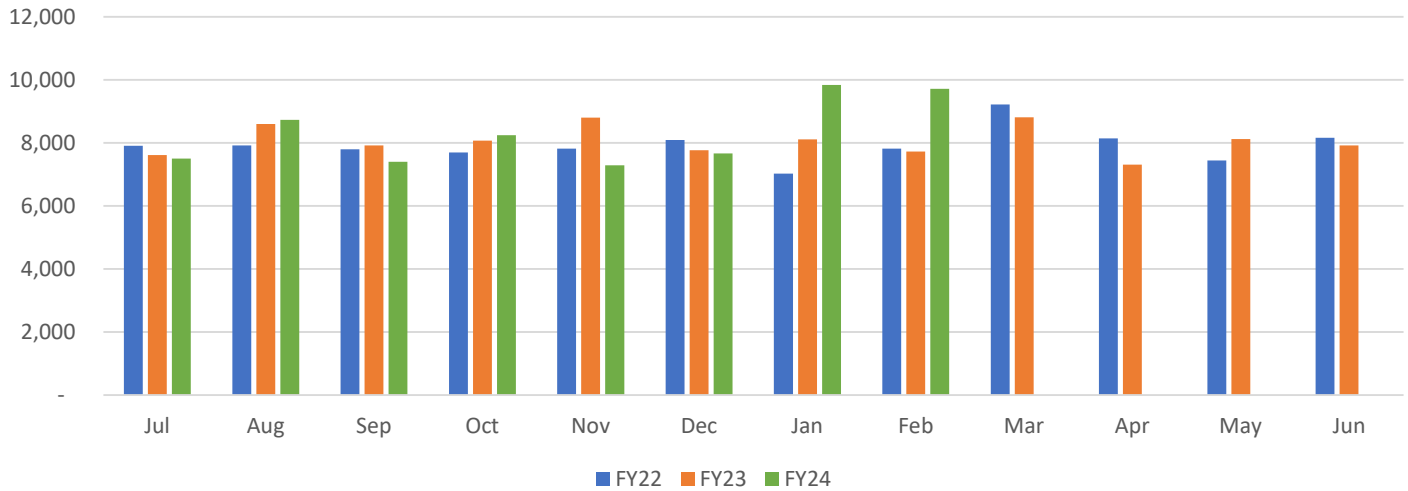


Personal Property Taxes are collected on all vehicles including cars, trucks, trailers, motorcycles, motor homes, aircraft, and watercraft. Personal property is collected in the locality where it is normally garaged, docked, or parked. Henrico County uses the J.D. Power Official Used Car Guide as of January 1st of each year to establish valuations. Collections are due twice a year in December and June. **Personal Property Tax Collections for March FY24 totaled \$61 million.** Throughout FY23 Personal Property Tax Collections reflected significant increases in used vehicle assessments. These increases were the result of price volatility in the used vehicle market due to supply chain shortages. However, since Q1 FY24 used vehicle prices have started to come down as more supply has become available.

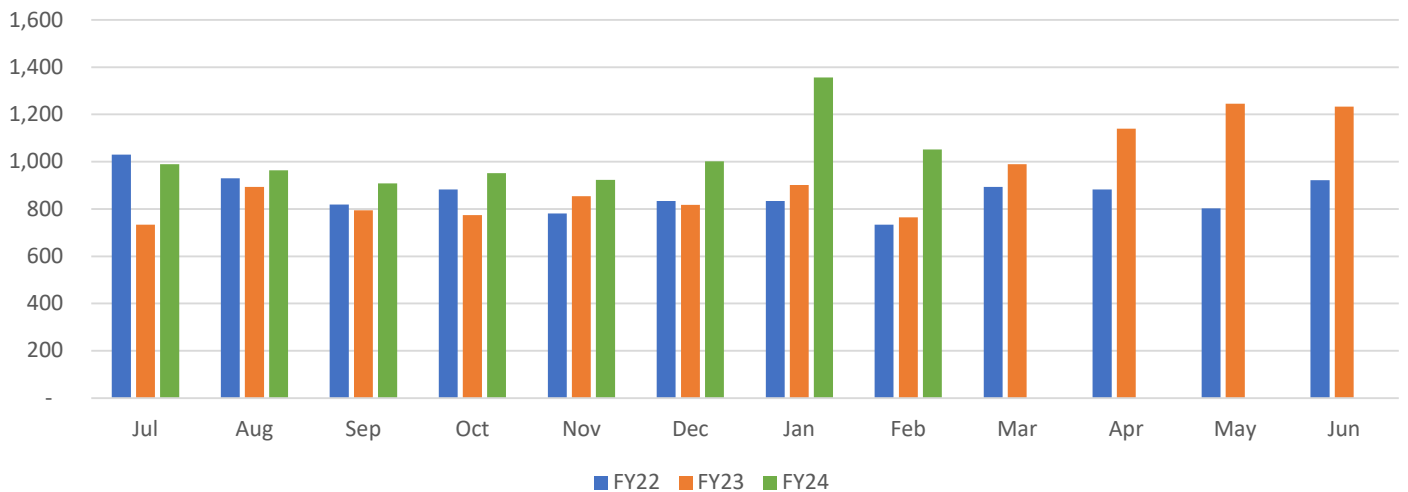


Henrico Metrics

Used Car Registration



New Car Registration

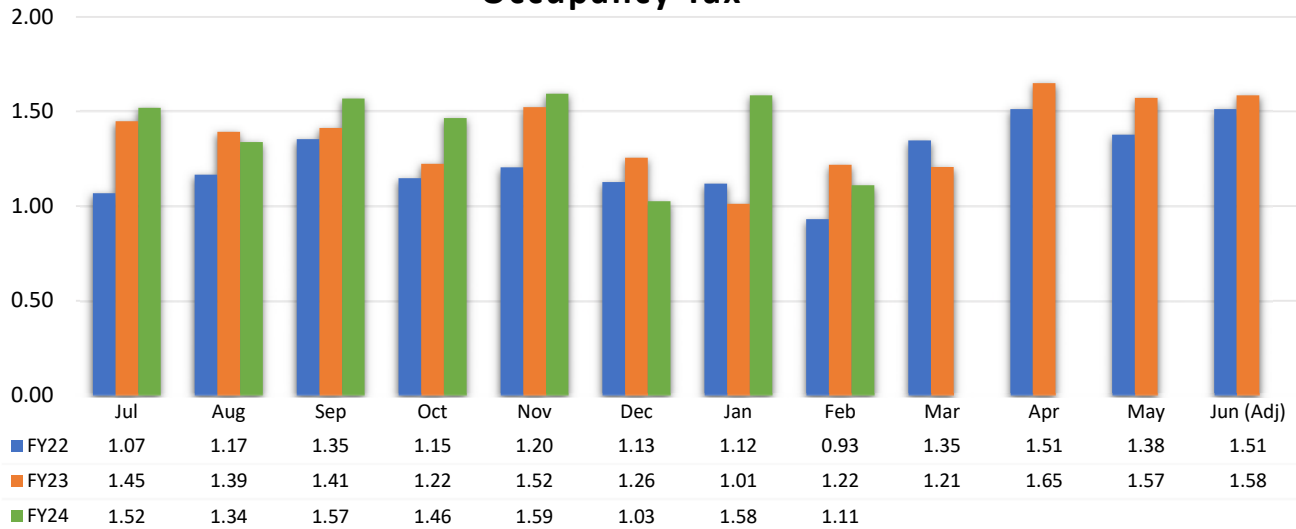


Vehicle Registration data is acquired from the Virginia Department of Transportation and is comprised of both new and used vehicles; the metric strongly correlates to vehicle sales. **Used Car Registrations in February** recorded 9,709, a count 1,986 higher than that of February FY23. **New Car Registrations in February** recorded 1,051, a count 286 higher than February FY23. **New Car Registrations** have consistently exceeded FY23 values, marking a return to normalcy in supply chain operations.



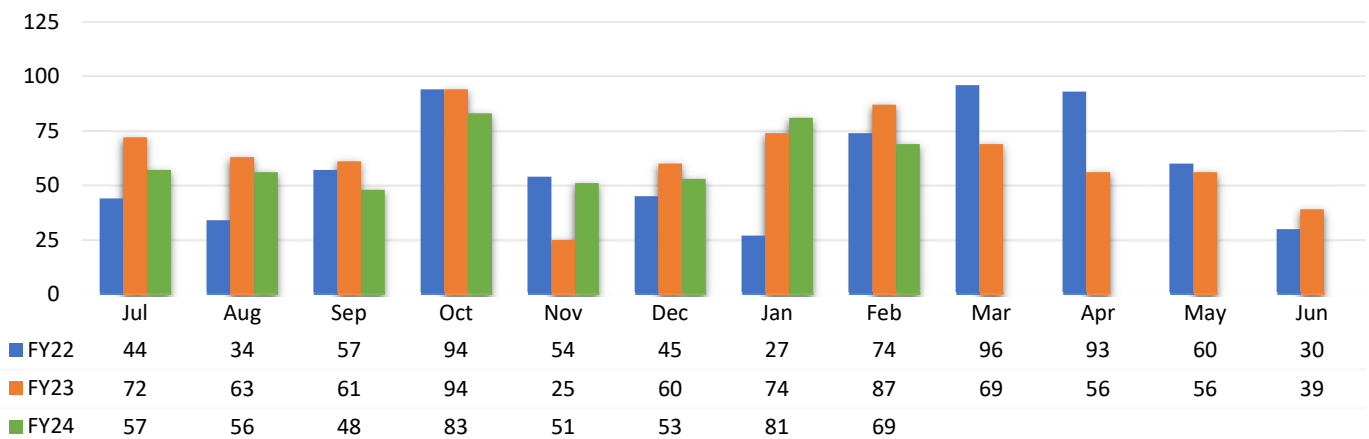
Henrico Metrics

Occupancy Tax



Henrico’s **Occupancy Tax** is collected on lodging for overnight stays. **Occupancy Tax collections in February FY24 lagged those of February FY23 by \$0.11 million.**

New Residential Construction

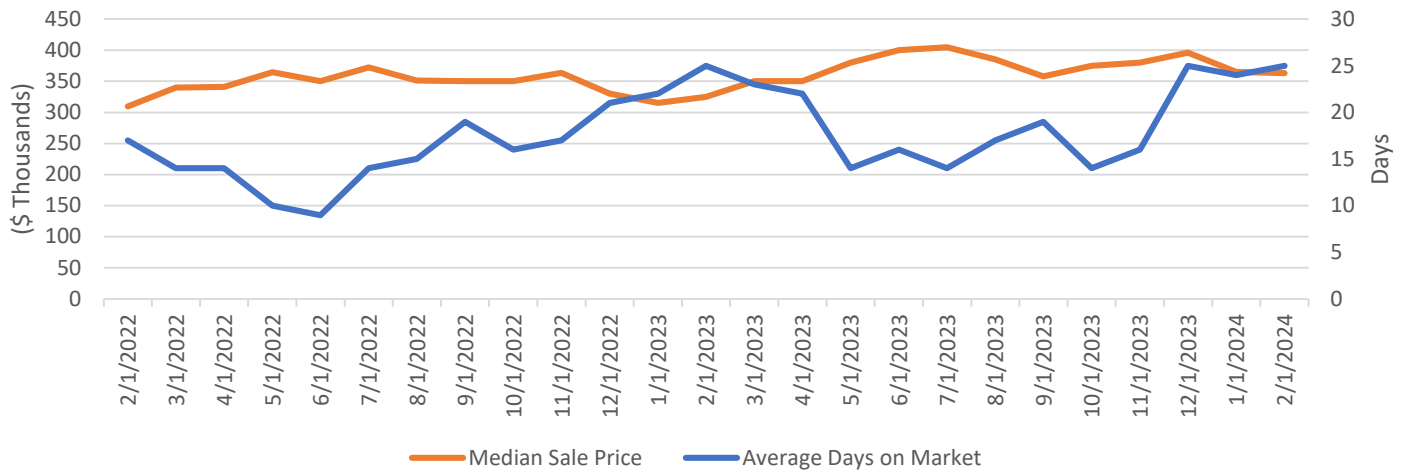


New Residential Construction is comprised of new single-family houses that were issued building permits. A slowdown may indicate worsening economic conditions, increased competition from neighboring localities, or a lack of expansion capabilities. **February FY24 construction recorded 69 permits, 18 less than February 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 February 2023, the Median Sale Price dropped \$2,000 to \$363,000; this is 11.7% higher than the median of February 2022, and 17.1% higher than February 2021⁹.** Data suggests an uptick in sales statewide, however inventory remains tight. High demand continues to place pressure on home prices across Virginia¹⁰. Average Days on the Housing Market increased from 24 in January to 25 in February.

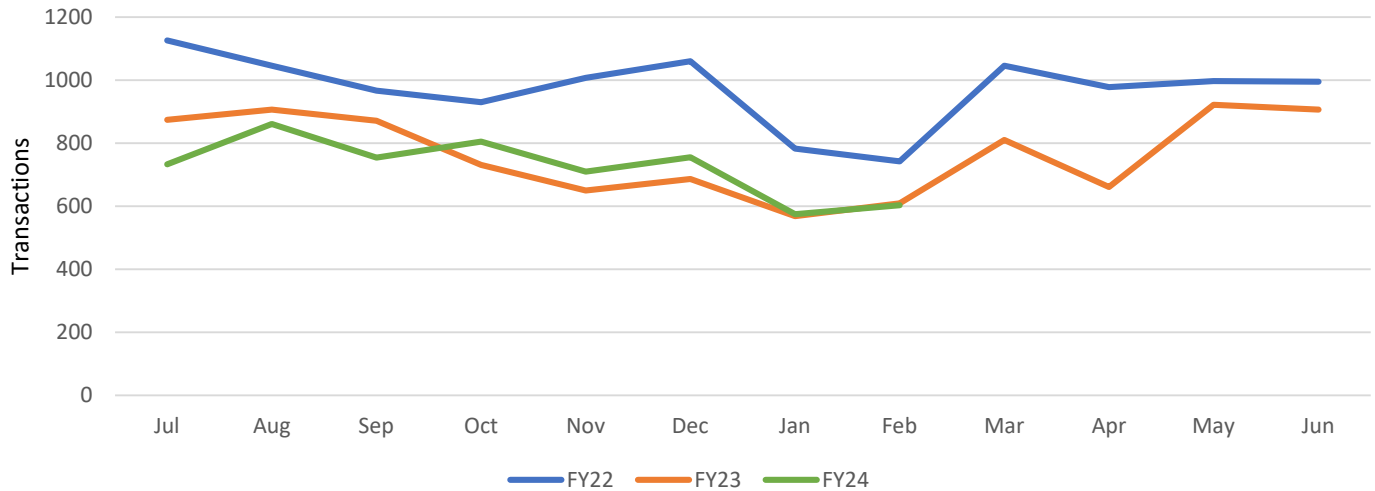
⁹ Long & Foster; <https://marketminute.longandfoster.com/market-minute/va/henrico-county.htm>

¹⁰ Virginia Realtors; <https://virginiarealtors.org/research/reports/home-sales-reports/february-2024-home-sales-report/>



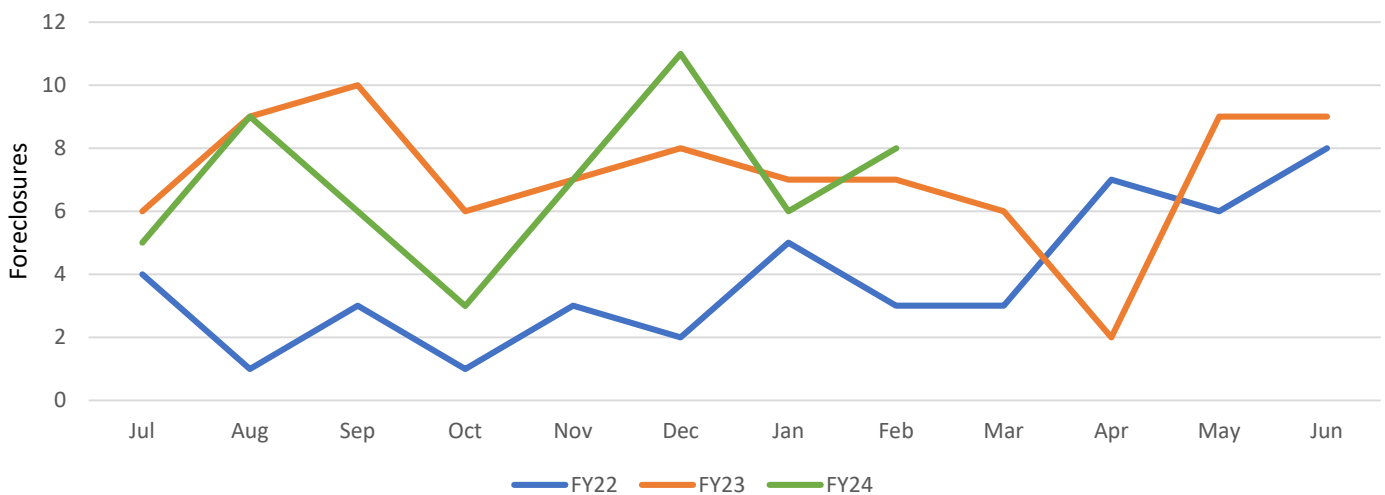
Henrico Metrics

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. **603 total residential transactions were recorded in February, 6 less than February FY23.**

Residential Foreclosures

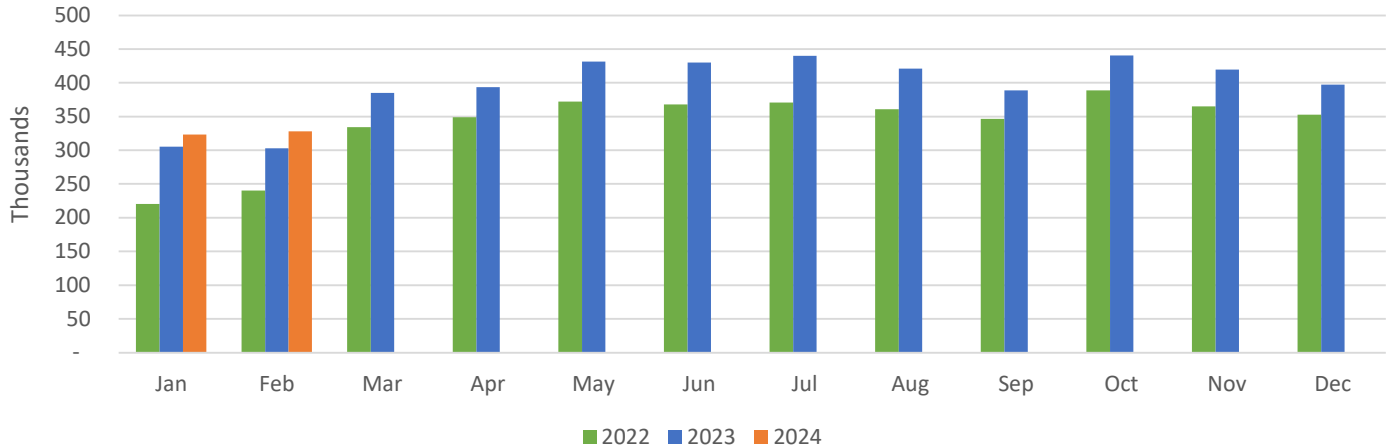


There were 8 foreclosures reported in February, an increase of 2 from January.



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. **February 2024 continues the trend of high passenger activity, up 8.2% from February of 2023¹¹.**

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