



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 years (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 September yielded mixed economic results with some signs of strain on national performance indicators and consumer expectations. The S&P 500 endured a steady decline over the span of September while the Consumer Confidence Index dropped from 106.1 to 103, with consumers citing present and future concerns of recession. 30-year fixed mortgage rates hit a new peak in recent history at 7.19%; this may have consequentially influenced the County's Median Sales Price for the month of August, which stabilized at \$385,000, down from an all-time peak of \$405,000 in July. Average days on the housing market rose from 14 to 17. Tax collections continue to remain strong across all observed segments in FY24 and unemployment remains low at the National, State, and County levels.

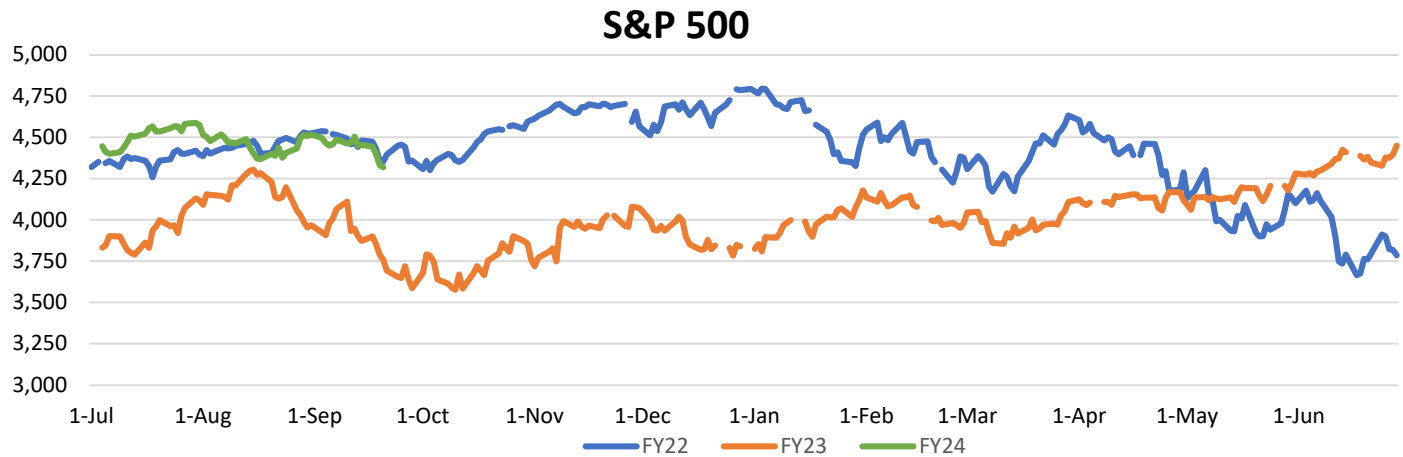
Metrics Considered

- **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

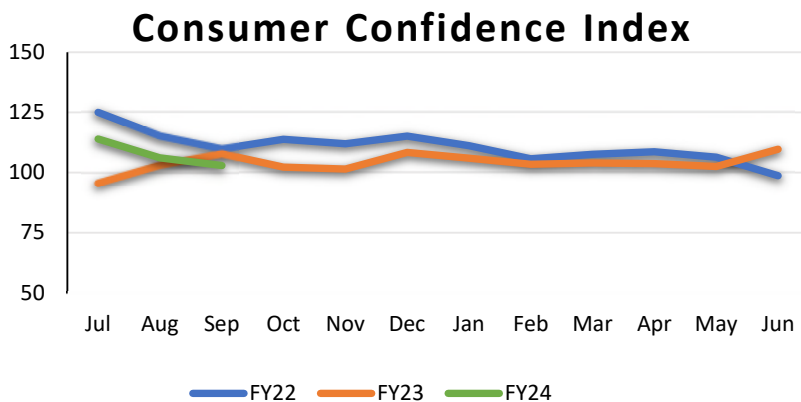


National Metrics

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 experienced a steady drop in September, coming in approximately 187 points under the close of August¹.**



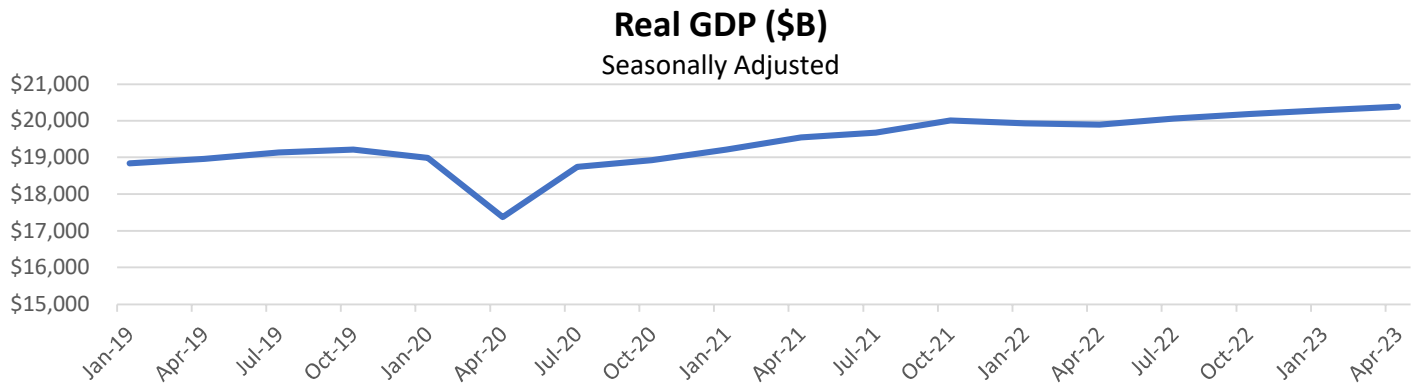
The **Consumer Confidence Index** is a monthly survey given to 5,000 random households gathering opinions on present situations and future expectations. It is benchmarked to 1985 (100) and best compared by reviewing month over month changes. **In September, the index continued its decline from 106.1 to 103. Consumers cited fears of recession and economic contraction².**

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

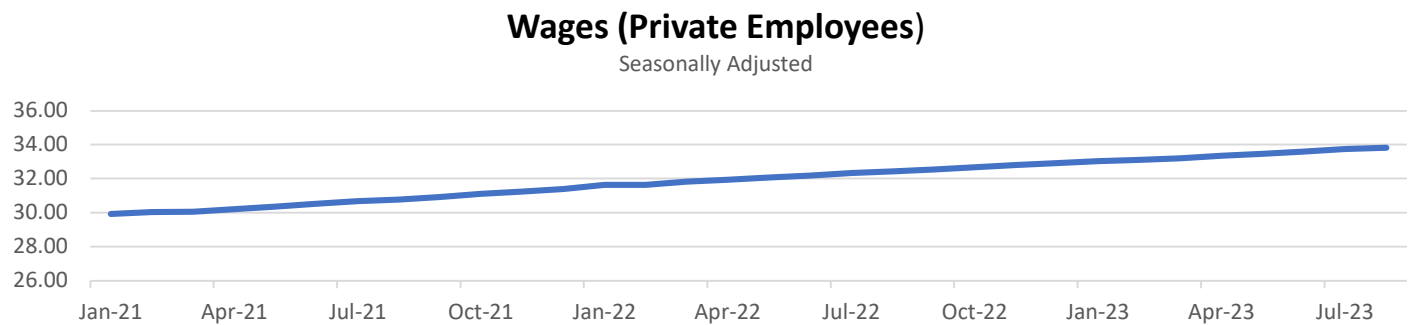
² The Conference Board; [US Consumer Confidence \(conference-board.org\)](https://www.conference-board.org/data/consumer-confidence/)



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 second quarter of 2023, real GDP increased by 0.5%³ when compared to Q1 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 July, the average hourly wage increased to \$33.82. This rise of \$0.08 from July represents a 0.2% 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>



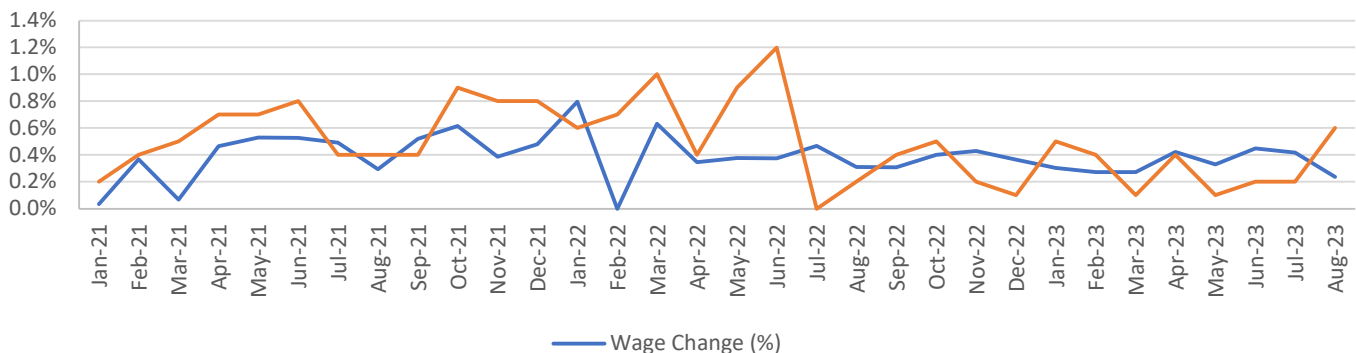
National Metrics

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 August 2023, the consumer price index rose by 0.6%⁵.** The current 12-month CPI growth is 4.0% (unadjusted) as reported by the Bureau of Labor Statistics. This is 4.6% less than the trailing 12-month average of 8.6%, indicating continued inflation less than that of last year.

Average Hourly Wage Changes against Changes in CPI



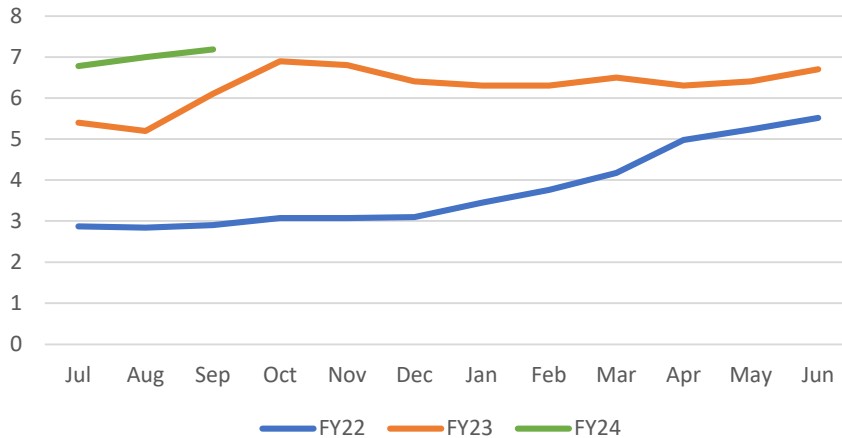
Average Hourly Wage Changes against Changes in the Consumer Price Index analyzes the relationship between national wages and consumer pricing, and more loosely, its affiliate inflation. It should be noted that this graph encompasses month over month changes, with both metrics demonstrating continuous upwards growth over the past 2 years of recorded data. **August's monthly wage growth of 0.2% was lower than the CPI's 0.6% growth, 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)



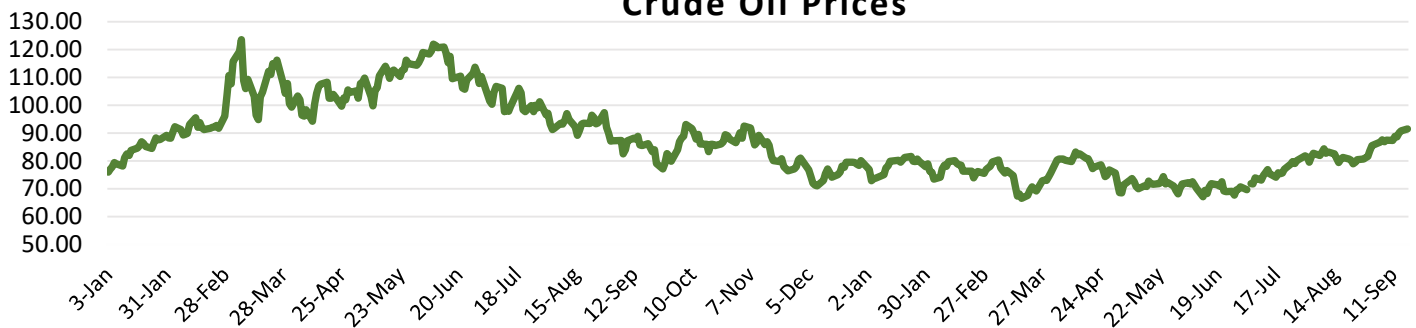
National Metrics

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 September 2023, the 30-year fixed mortgage interest rate rose marginally from August at 7.19%, a new peak recent history⁶.** 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 September 2023 pricing was recorded at \$91.46, a 26.0% decline from March’s peak, but a steady rise since June of 2023⁷.** 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.

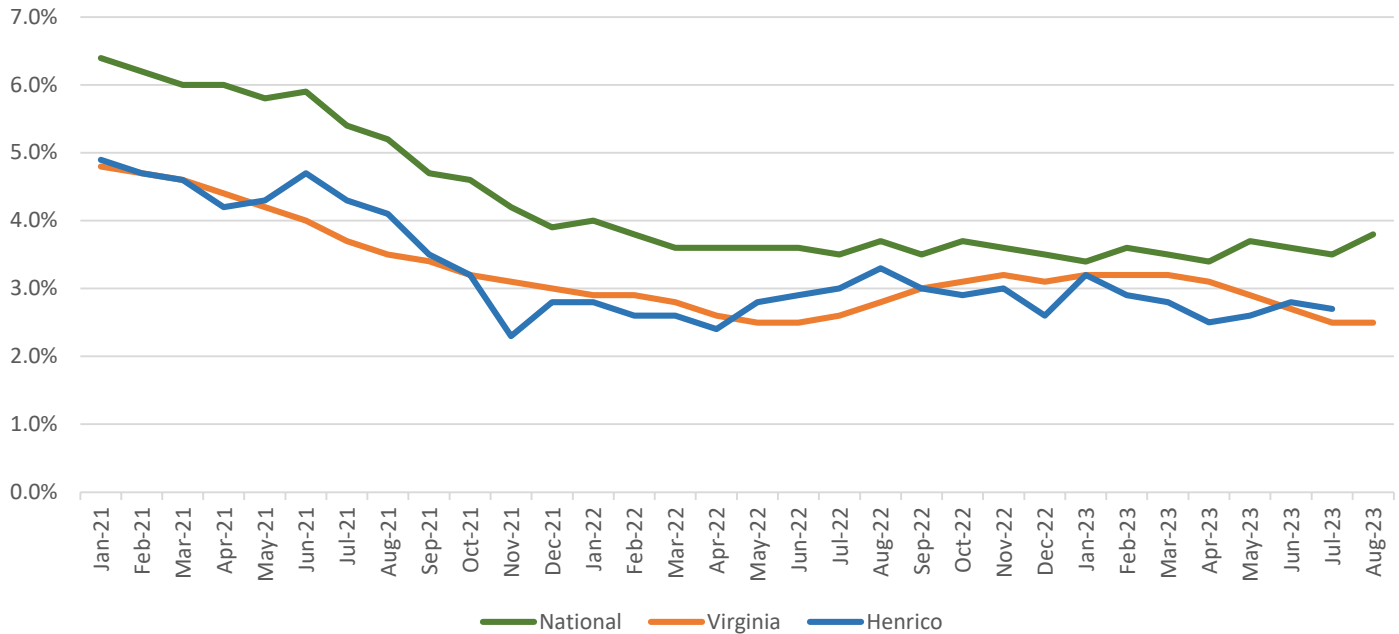
⁶ Freddie Mac; [30-Year Fixed-Rate Mortgages Since 1971 - Freddie Mac](https://freddie.com/research/30-year-fixed-rate-mortgages-since-1971/)

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



Combined Metrics

Unemployment Rates

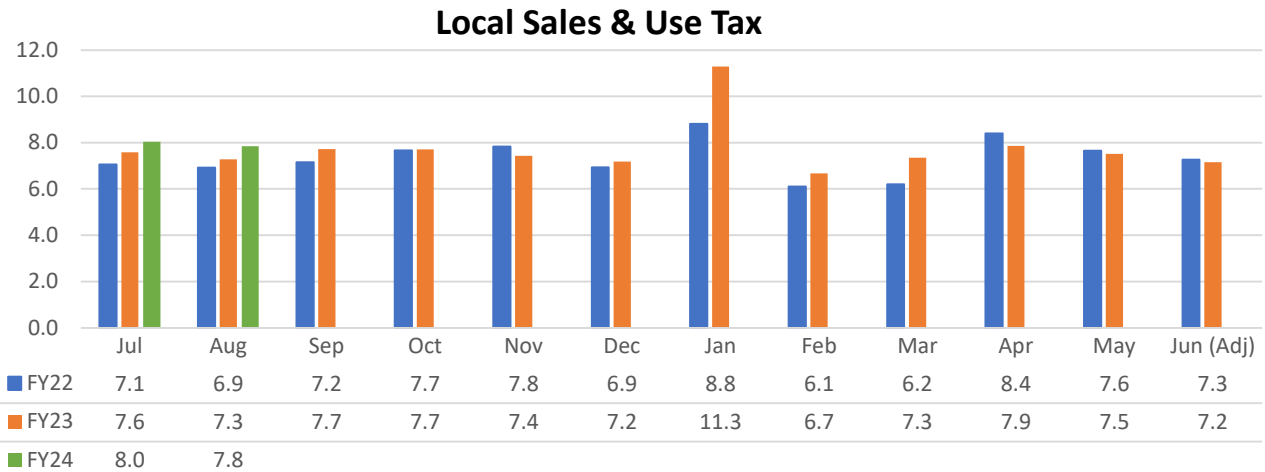


The **Unemployment Rate** shows the number of unemployed people as a percentage of the workforce. Known as the U-3 unemployment rate, an individual must be actively seeking work or laid off to be included. State unemployment data lags roughly six weeks while local unemployment data lags 9 weeks. **In the month of August, the unemployment rate rose 0.3% at the National level, while remaining unchanged at the State level. In the month of July, unemployment dropped 0.1% in Henrico⁸.** 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 6.0% on each purchase collected by the Commonwealth. By law, 1% is then remitted back to the County from the State. **August FY24 recorded collections of \$7.8 million, 7.7% higher than the same period in FY23.**

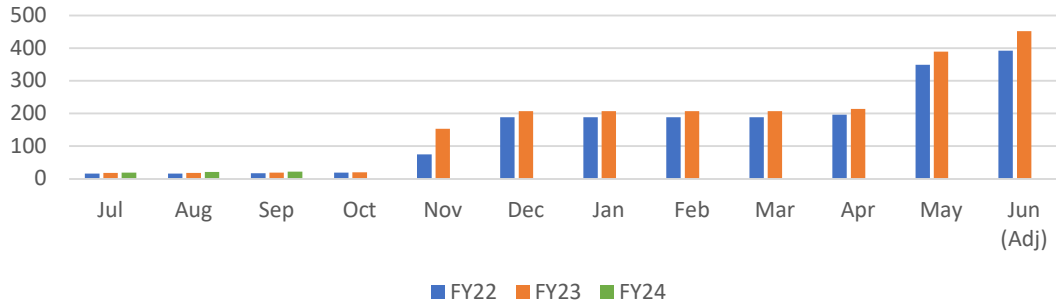


Henrico's **Meals Tax** establishes a 4% tax on prepared food and beverages. Revenue generated by the Meals Tax is dedicated to the operational and capital project needs of Henrico's Public Schools. Collections are backdated two months and compared as year-over-year monthly collections. **August FY24 collections of \$2.99 million represent a decrease of \$0.07 million over August FY23 collections.** FY23 collections of \$38.11 million far exceeded pandemic and pre-pandemic levels reflecting an overwhelming resurgence in dining out. FY24 year-to-date collections currently lag FY23 and warrant continued analysis.



Henrico Metrics

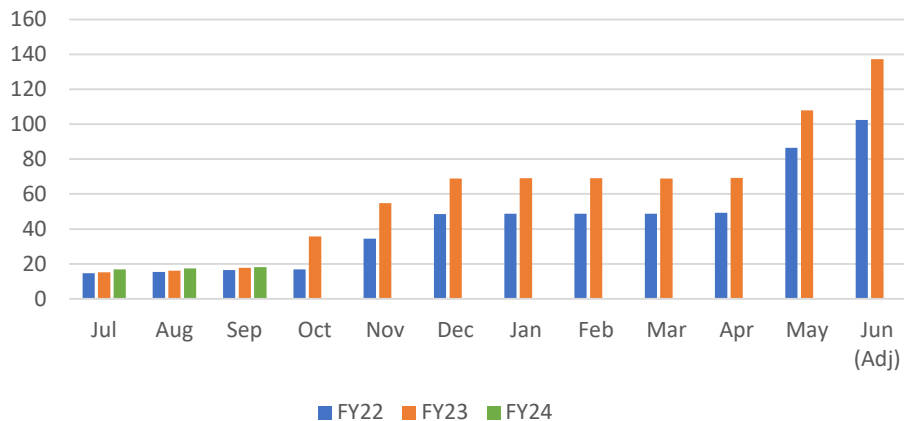
Real Property Taxes
(\$ Millions)



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 September FY24 recorded \$22 million; 16.5% higher than September FY23.** The graph above represents cumulative collections through the fiscal years.

Personal Property Taxes
(\$ Millions)



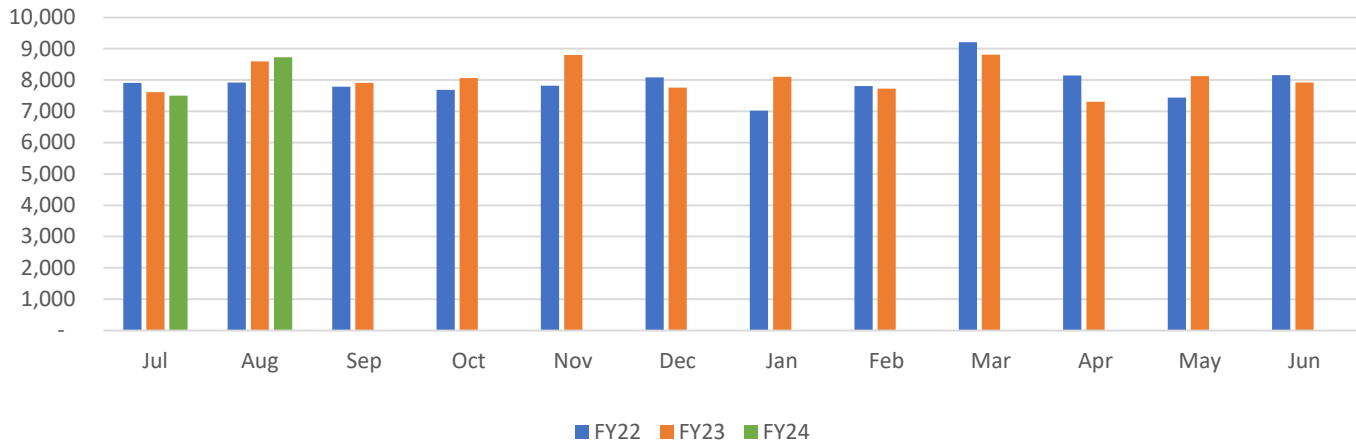
Personal Property Taxes are collected on all vehicles including cars, trucks, trailers, motorcycles, motor homes, aircraft, and watercraft. Personal property is collected in the locality where it is normally garaged, docked, or parked. Henrico County uses the J.D. Power Official Used Car Guide as of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

Personal Property Tax Collections for September FY24 totaled \$18 million; 1.9% greater than September FY23. 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.

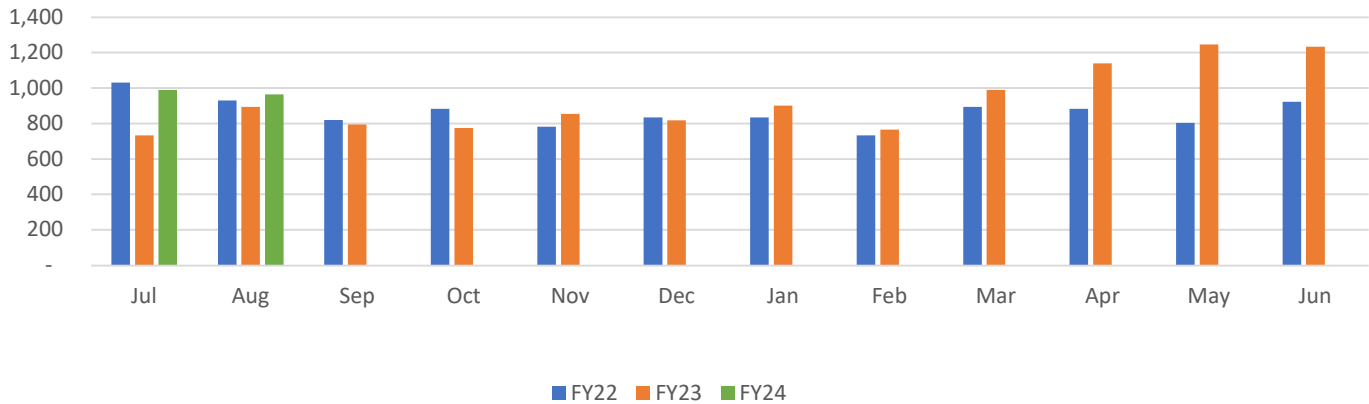


Henrico Metrics

Used Car Registration



New Car Registration

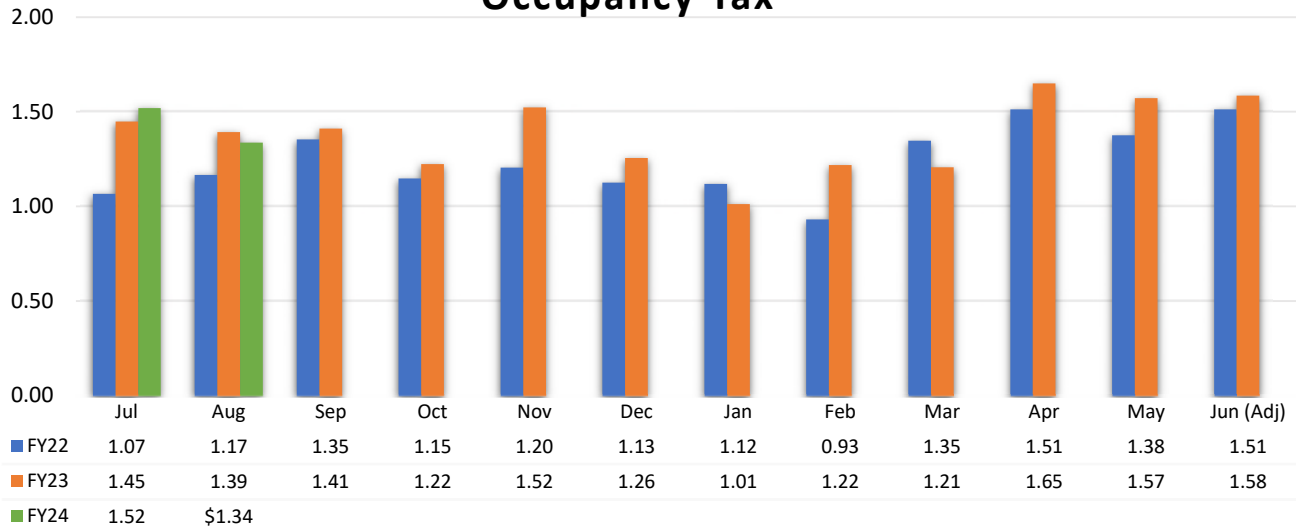


Vehicle Registration data is acquired from the Virginia Department of Transportation and is comprised of both new and used vehicles; the metric strongly correlates to vehicle sales. **Used Car Registrations in August** recorded 8,729; 136 higher than August FY23. **New Car Registrations in August** recorded 963; 70 higher than August FY23.



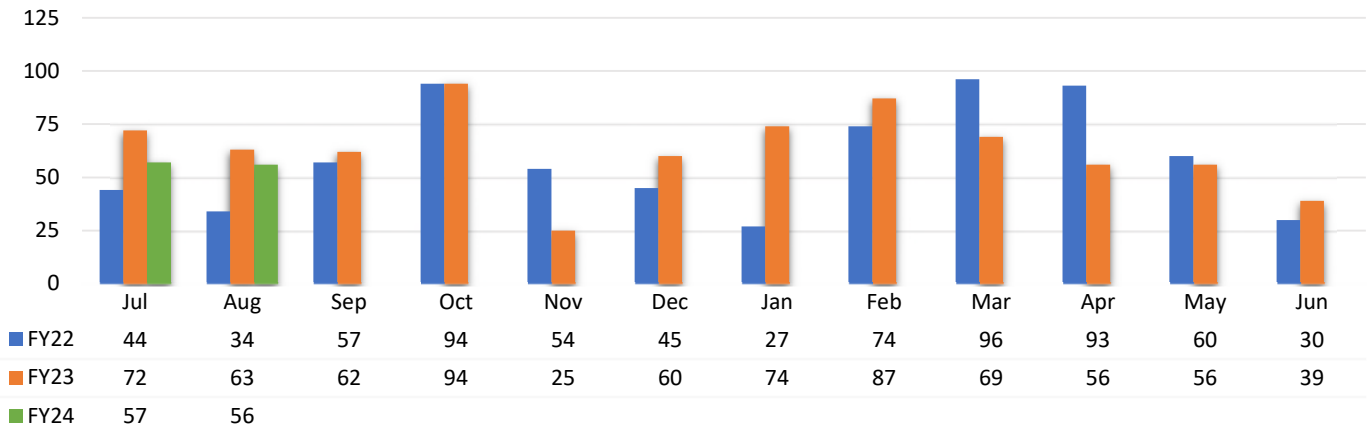
Henrico Metrics

Occupancy Tax



Henrico’s **Occupancy Tax** is collected on lodging for overnight stays. **Occupancy Tax collections in August were \$0.05 million less than those of August FY23.**

New Residential Construction

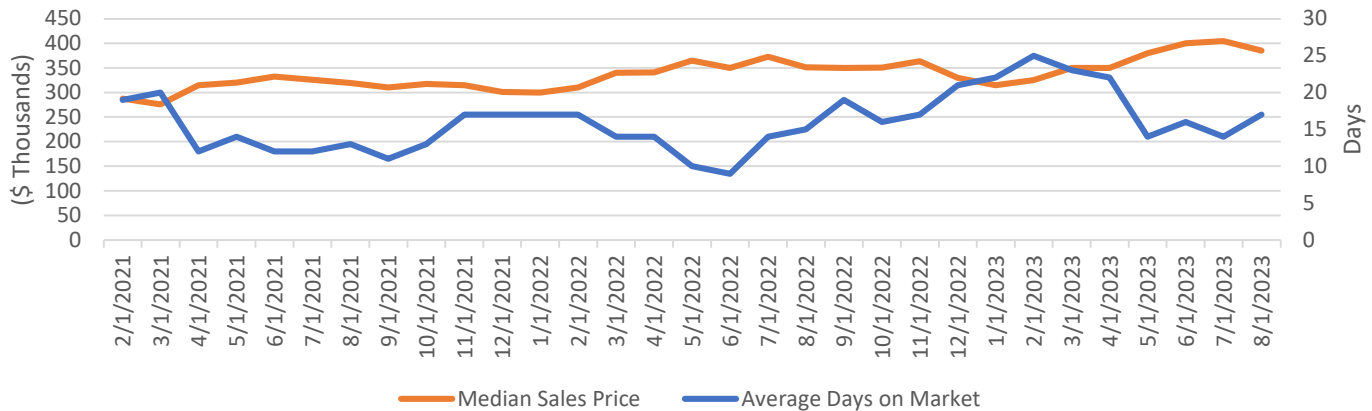


New Residential Construction is comprised of new single-family houses that were issued building permits. A slowdown may indicate worsening economic conditions, increased competition from neighboring localities, or a lack of expansion capabilities. **August FY24 construction recorded 56 permits, 7 less than August FY23.**



Henrico Metrics

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

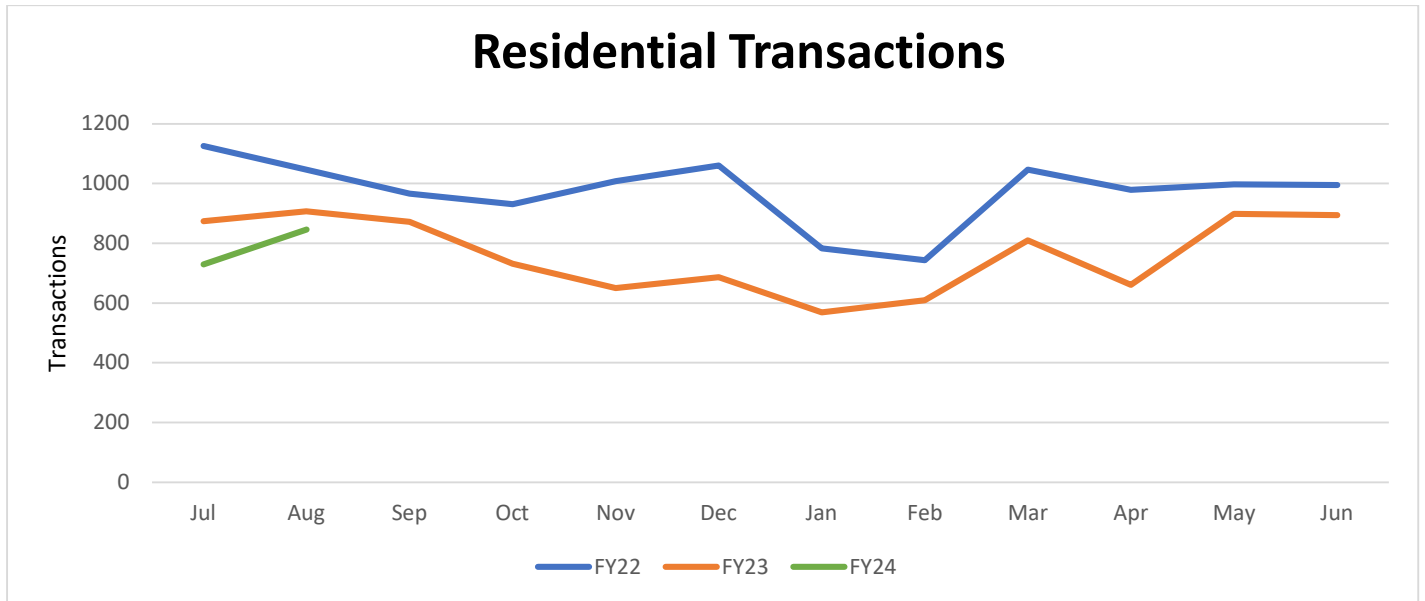


Average Days on the Housing Market and Median Sales Price provides a benchmark of the state of the housing market in Henrico. An increase in the time spent on market may indicate a slowing of the housing market, while a decrease may indicate acceleration. Median Sales Price tracks the middle value of homes sold in the County that month and can provide insight into the general direction of the market. **In August 2023, the Median Sales Price dropped \$20,000 to \$385,000; despite this drop, the median was still 9.7% higher than August 2022, and 20.7% higher than August 2021⁹.** Average Days on the Housing Market rose from 14 in July to 17 in August.

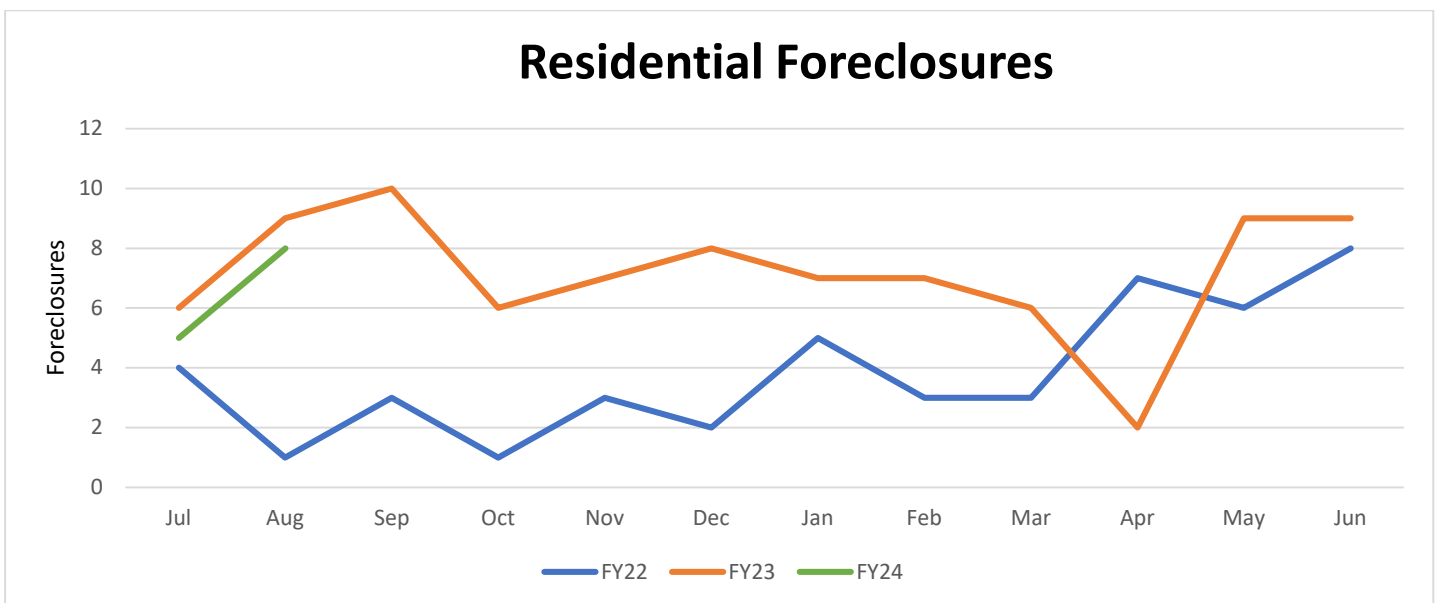
⁹ Long & Foster; <https://marketminute.longandfoster.com/market-minute/va/henrico-county.htm>



Henrico Metrics



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. **846 total residential transactions were recorded in August. This marks a decline of 61 from August 2022 and is indicative of less activity in the local real estate market.**

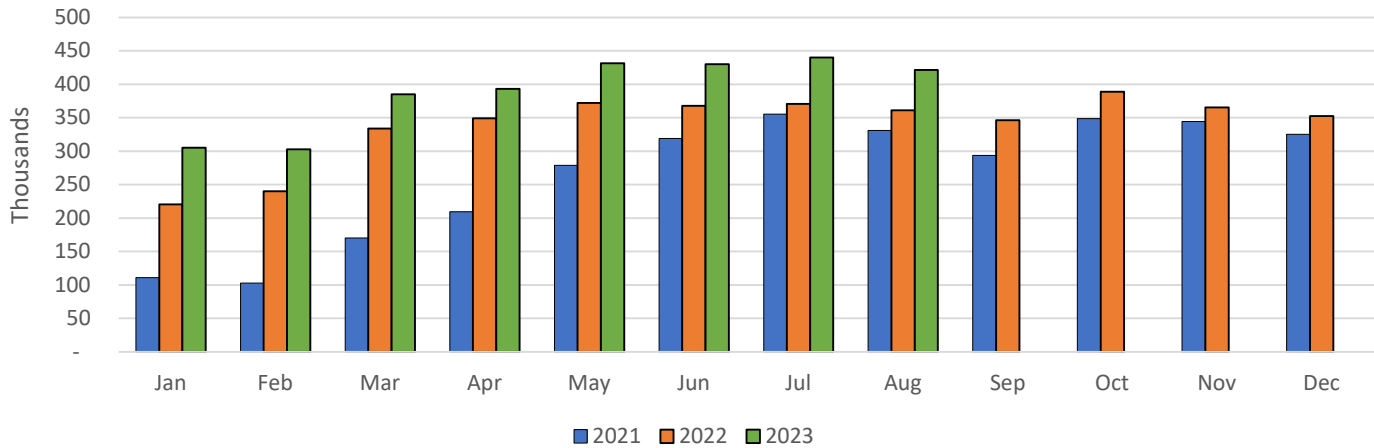


There were 8 foreclosures reported in August, an increase from 5 in July.



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. **August 2023 continued to report notably high travel volume, up 16.7% from August of 2022¹⁰.**

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