



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 (FY22) and compare it to the current year (FY23). Data for FY23 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 April counters the prior months trend of mixed economic results and offers some slight gains across several performance indicators. While Consumer Confidence remains below 2022 averages, the S&P 500 did increase marginally in April. Wage growth outpaced CPI growth by 0.2%, a positive outcome for consumer buying power. The housing market performed consistent with prior year seasonal trends as 30-year fixed interest mortgage rates hit 6.4% and average days on the market fell from 25 to 23 days. Residential real estate transactions recorded 794 transactions in the month of March, not as strong as the same period in FY22, but a large increase over the prior month. The unemployment rate at the County level decreased month over month from 3.2% to 2.8%. Tax collections continue to remain strong across all observed segments, exceeding FY22 year-to-date.

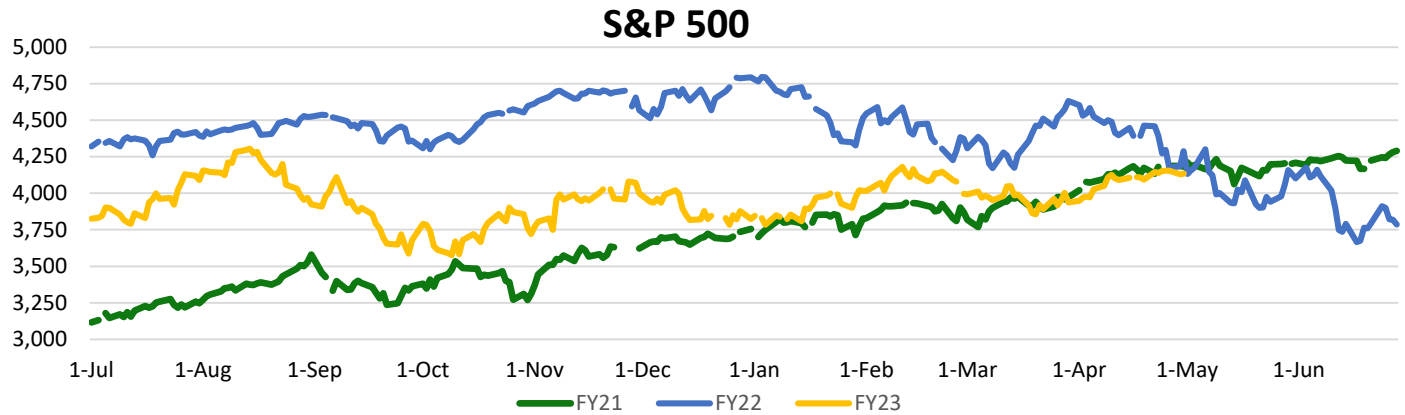
Metrics Considered

- **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

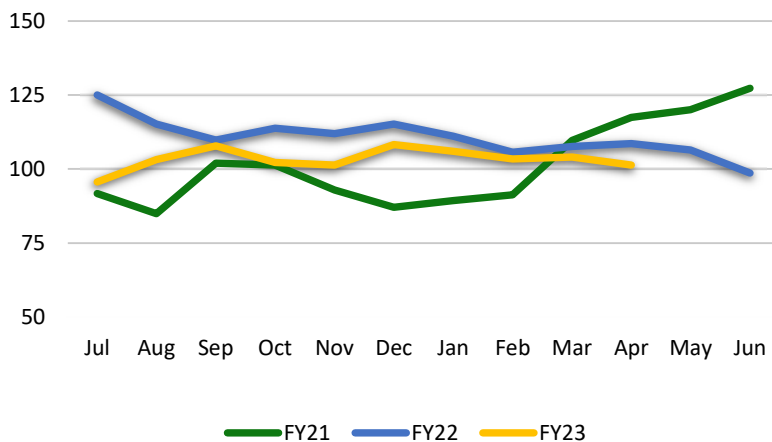


These indicators provide a mix of hard financial data as well as consumer consensus surveys to provide a macroeconomic and microeconomic view of the United States.



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 remained relatively flat throughout April, gaining approximately 24 points over the close of March¹.**

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 April the index decreased slightly from 104.0 to 101.3. Consumers plans for purchasing homes, automobiles, appliances, and vacations all retreated amid growing pessimism².**

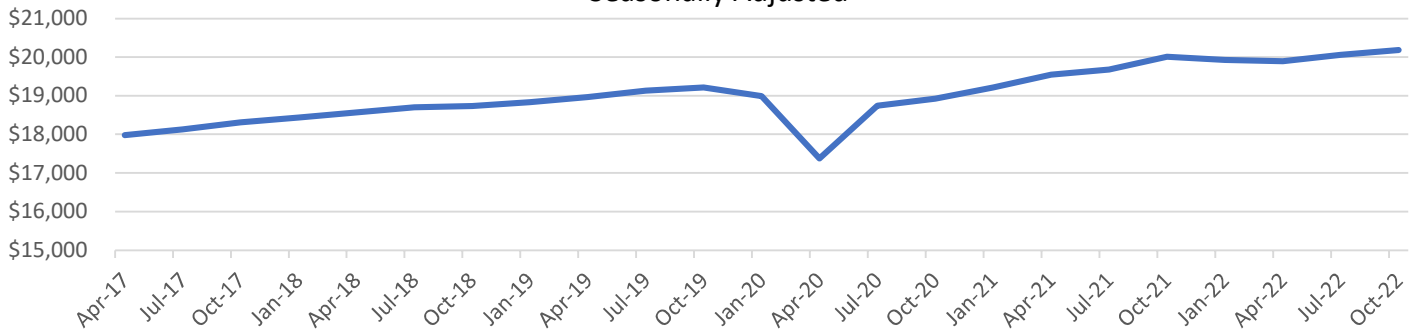
National Metrics

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)

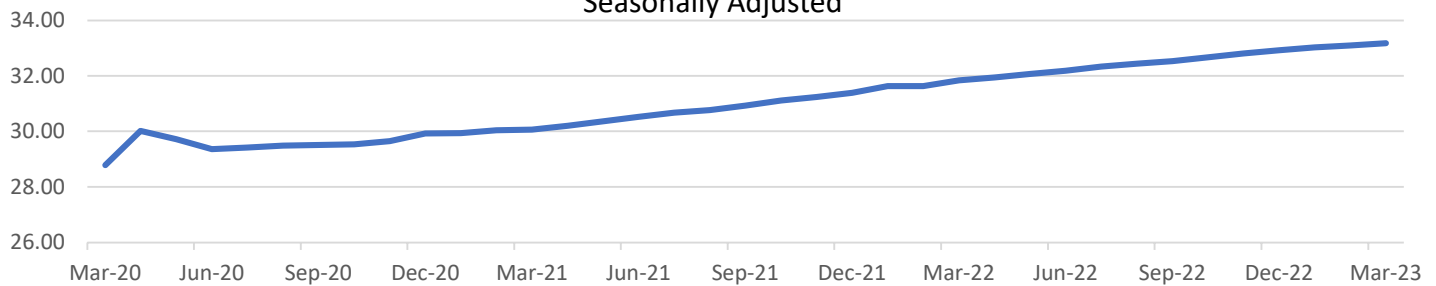


Real GDP (\$B)
Seasonally Adjusted



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 2022, real GDP increased by 0.6%³ when compared to Q3 2022, continuing to reverse the decline experienced in the first two quarters of the 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 March, the average hourly wage increased to \$33.18. This rise of \$0.09 from February represents a 0.3% increase⁴.** The last time wages decreased from the prior month was in June 2020 reflecting impacts of the pandemic.

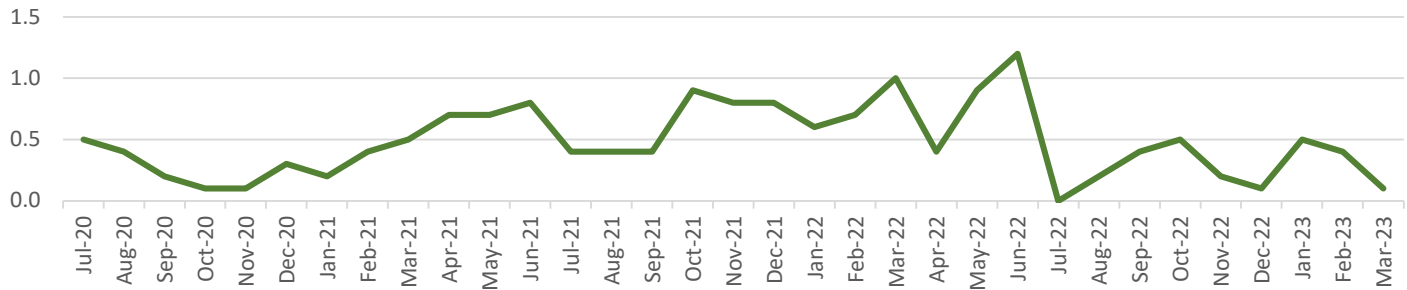
National Metrics

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>

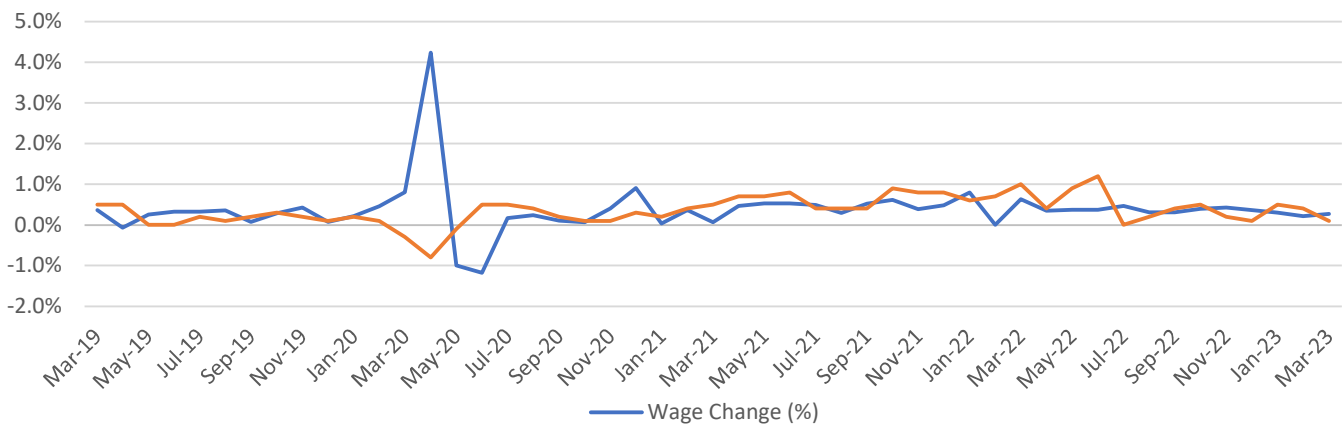


Consumer Price Index



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 March 2022, the consumer price index rose by 0.1%**⁵. The current 12-month CPI growth is 6.1% (unadjusted) as reported by the Bureau of Labor Statistics. This is 3.0% less than the trailing 12-month average of 9.1%, indicating continued inflation less than that of last year.

Average Hourly Wage Changes against Changes in CPI



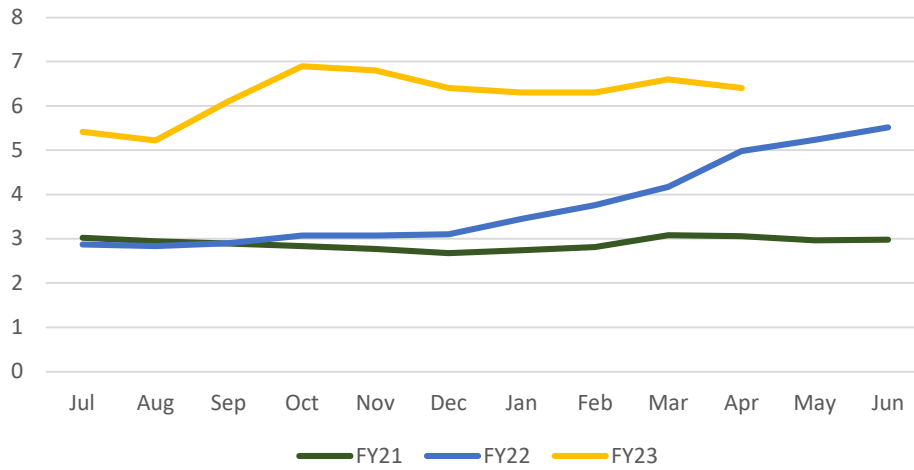
Average Hourly Wage Changes against Changes in the Consumer Price Index analyzes the relationship between national wages and consumer pricing, and more loosely, its affiliate inflation. It should be noted that this graph encompasses month over month changes, with both metrics demonstrating continuous upwards growth over the past 2 years of recorded data. **March's monthly wage growth of 0.3% was higher than the CPI's 0.1% growth, a positive outcome for consumer buying power.**

National Metrics

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

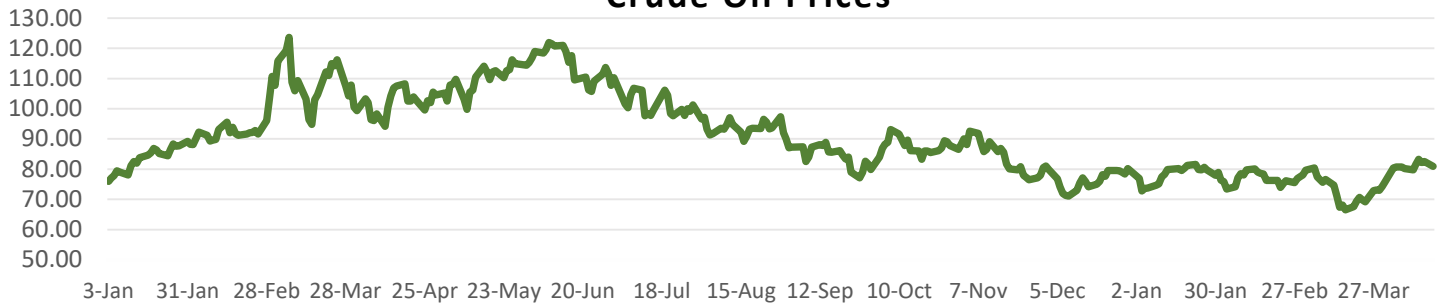


30 Year Fixed Mortgage Rates



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 April of 2023, the 30-year fixed mortgage interest rate dropped to 6.4%⁶.** 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 April 2023 pricing was recorded at \$80.93, a 34.5% decline from March’s peak and a return to prices comparable to January 2022⁷.** 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.

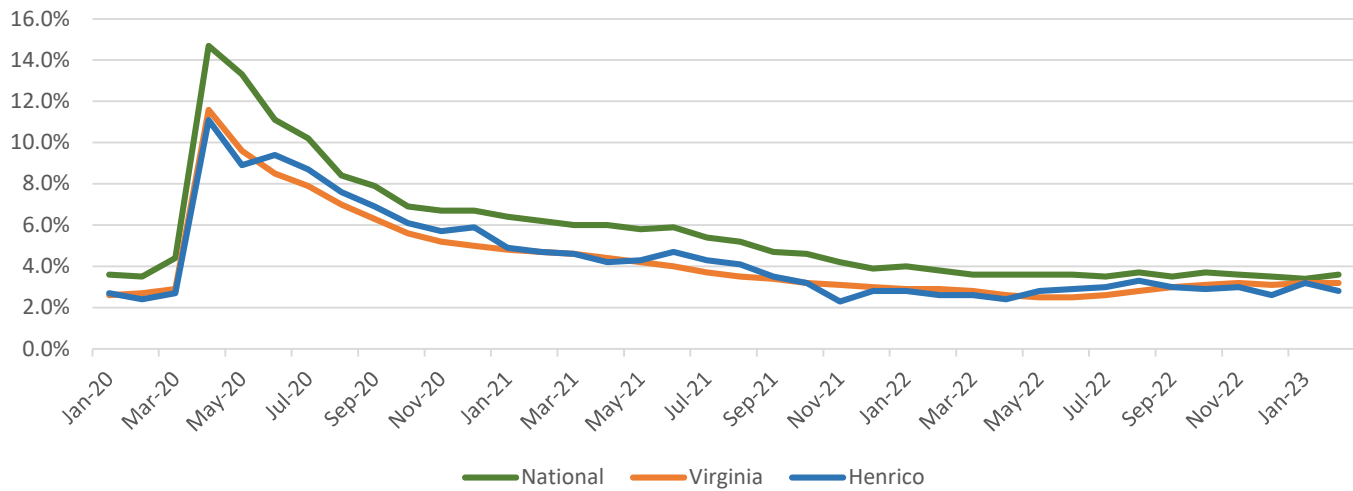
Combined Metrics

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>



Unemployment Rates



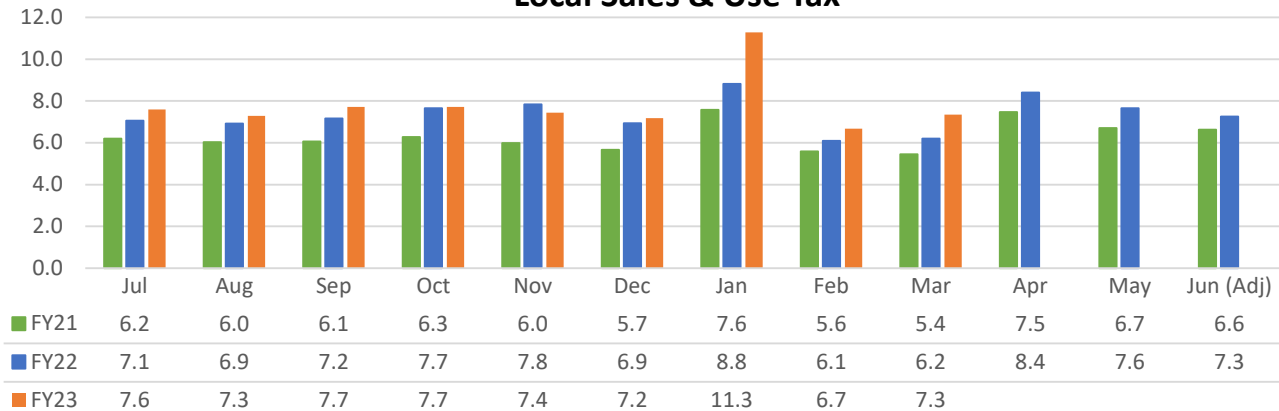
The **Unemployment Rate** shows the number of unemployed people as a percentage of the workforce. Known as the U-3 unemployment rate, an individual must be actively seeking work or laid off to be included. State unemployment data lags roughly six weeks while local unemployment data lags 9 weeks. **In the month of February, the unemployment rate rose 0.2% at the national level, remained flat at the state level, and dropped 0.4% at the local level⁸. This decrease from 3.2% to 2.8% at the local level is a welcome relief after January's increase of 0.6% from December.** 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.

Henrico Metrics

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

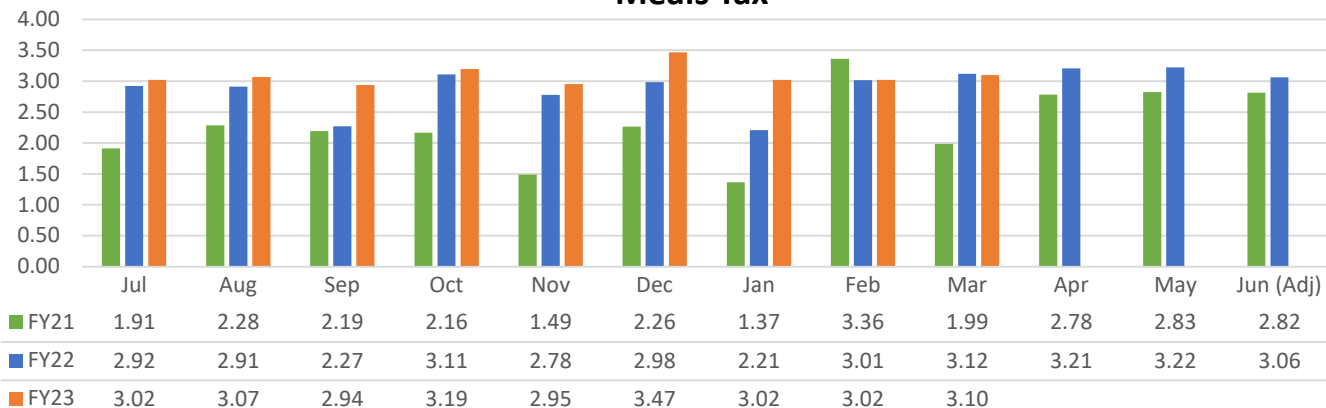


Local Sales & Use Tax



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. **March data recorded collections of \$7.3 million, 18.5% higher than the same period in FY22⁹.**

Meals Tax



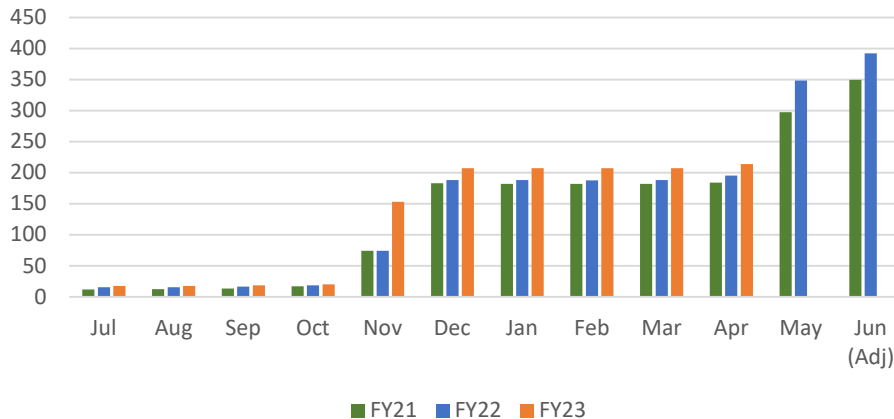
Henrico’s **Meals Tax** establishes a 4% tax on prepared food and beverages. Revenue generated by the Meals Tax is dedicated to the operational and capital project needs of Henrico’s Public Schools. Collections are backdated two months and compared as year-over-year monthly collections. **March FY23 collections at \$3.1 million represent a decrease of \$0.2 million over March FY22 collections.** FY22 collections of \$34.8 million far exceeded pandemic and pre-pandemic levels reflecting an overwhelming resurgence in dining out. FY23 collections are on track to exceed these totals.

⁹ Henrico County Office of Management and Budget (OMB); All subsequent data is courtesy of the Henrico County OMB unless denoted otherwise



Henrico Metrics

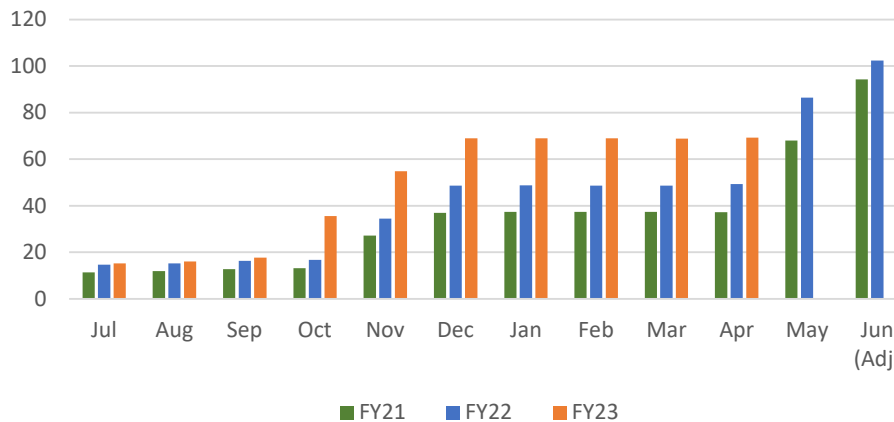
Real Property Taxes
(\$ Millions)



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 the month of April FY23 exceeded those of April FY22 by**

\$18.2 million. Increased collections reflect assessment increases experienced nationwide. The graph above represents cumulative collections through the fiscal years.

Personal Property Taxes
(\$ Millions)



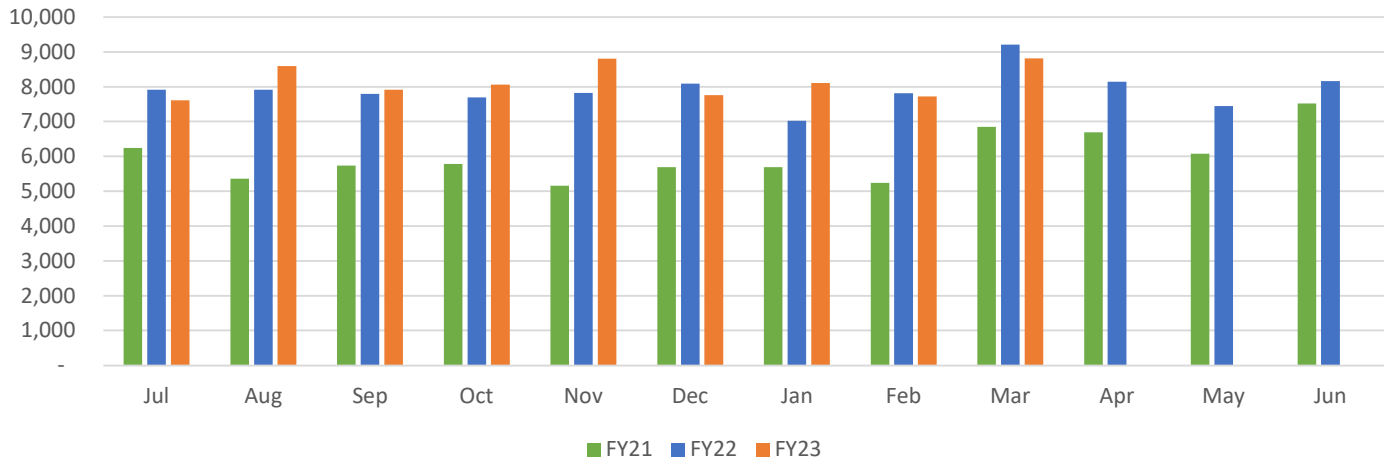
Personal Property Taxes are collected on all vehicles including cars, trucks, trailers, motorcycles, motor homes, aircraft, and watercraft. Personal property is collected in the locality where it is normally garaged, docked, or parked. Henrico County uses the J.D. Power Official Used Car Guide as of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

June. **Collections for the month of February FY23 were \$20.0 million above February FY22.** 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. 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.

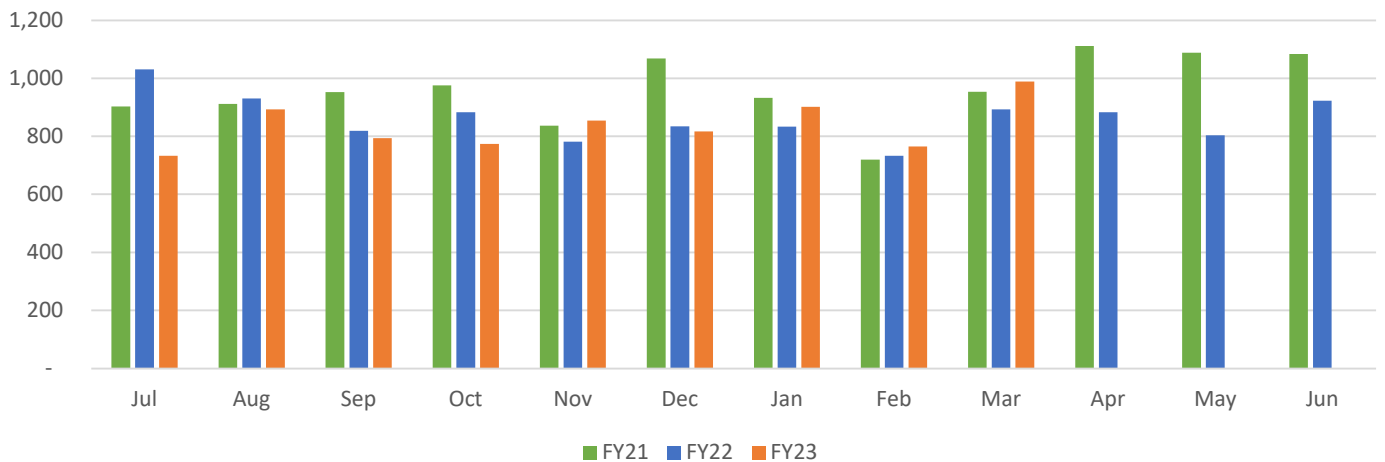


Henrico Metrics

Used Car Registration



New Car Registration

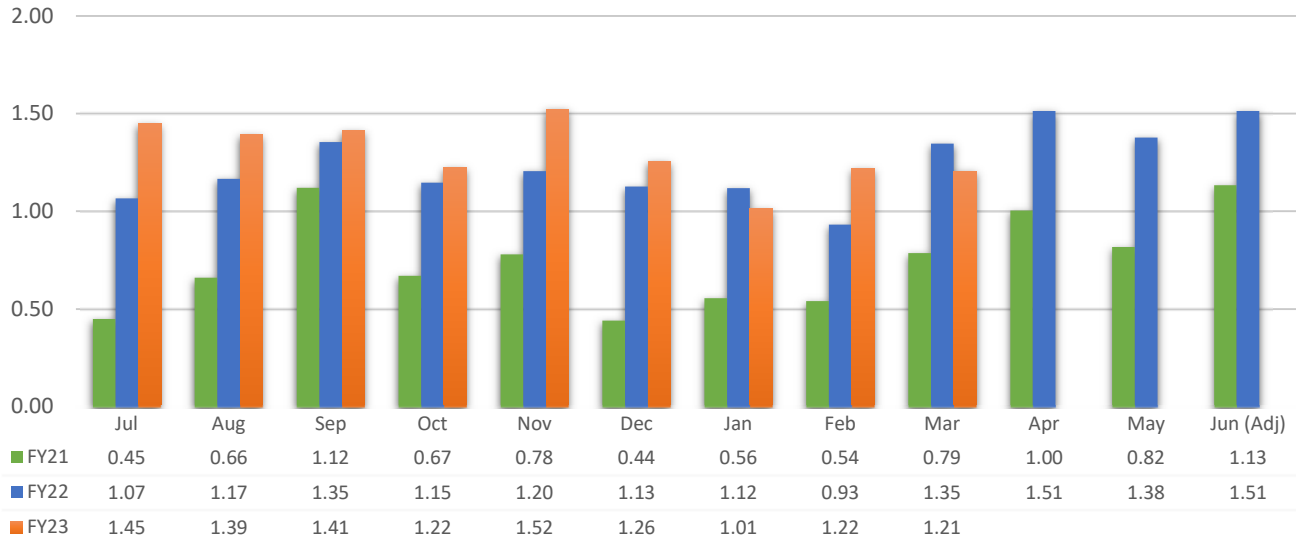


Vehicle Registration data is acquired from the Virginia Department of Transportation and is comprised of both new and used vehicles; the metric strongly correlates to vehicle sales. **Used Car Registration in March recorded 8,813, 401 lower than March of FY22. Year to Date collections remain greater than FY22. New Car Registration in March recorded 989, 96 higher than March of FY22.**



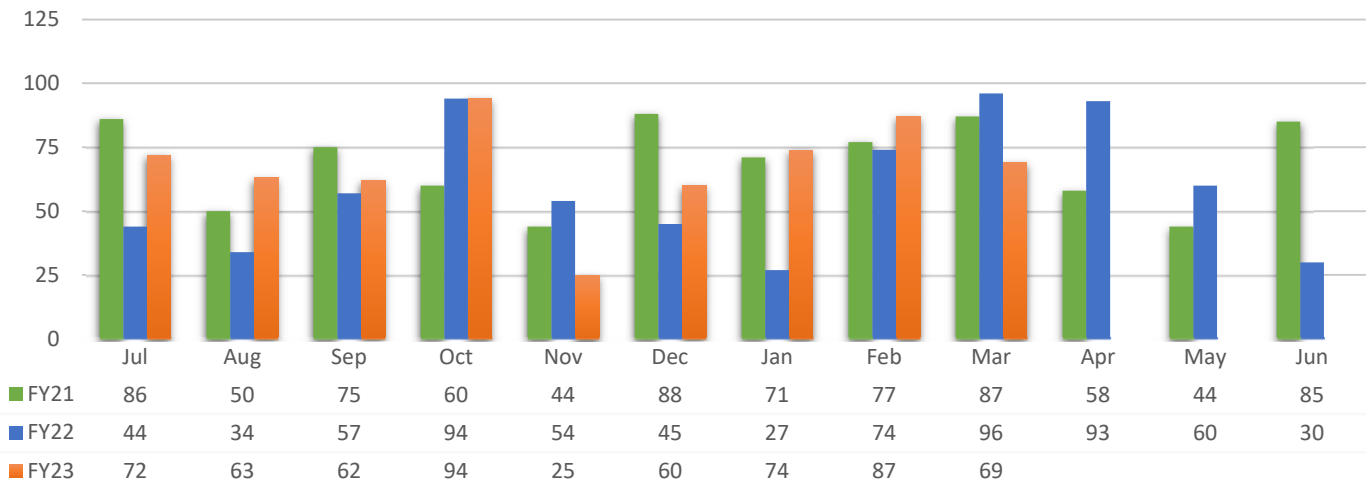
Henrico Metrics

Occupancy Tax



Henrico's **Occupancy Tax** is collected on lodging for overnight stays. **Occupancy Tax collections in March were \$0.14 million lower than those of FY22.** Occupancy Tax collections have returned to pre-pandemic normalcy.

New Residential Construction

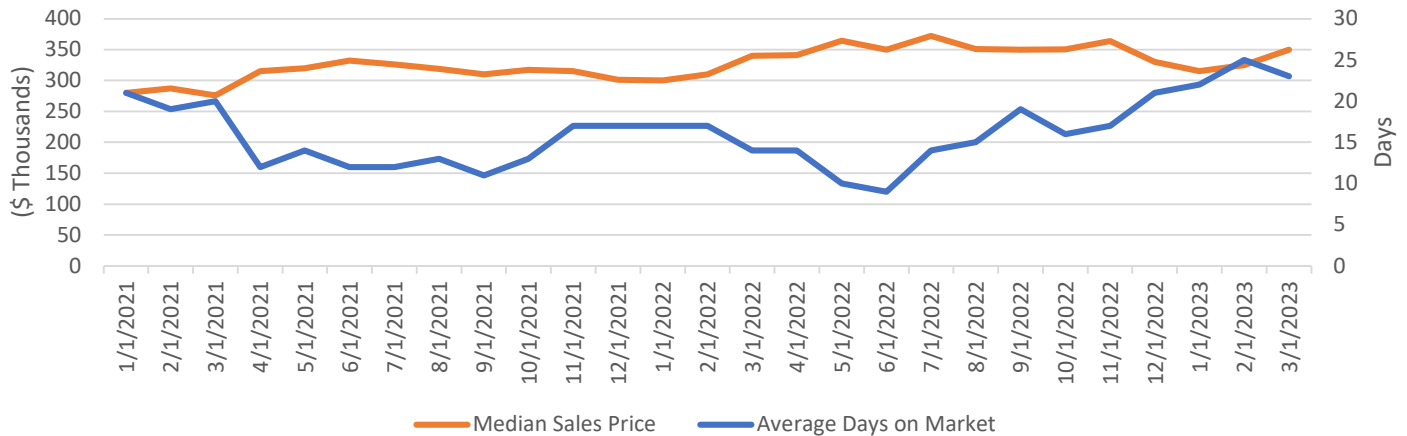


New Residential Construction is comprised of new single-family houses that were issued building permits. A slowdown may indicate worsening economic conditions, increased competition from neighboring localities, or a lack of expansion capabilities. **March FY23 construction recorded 69 permits, 27 lower than March FY22.**



Henrico Metrics

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



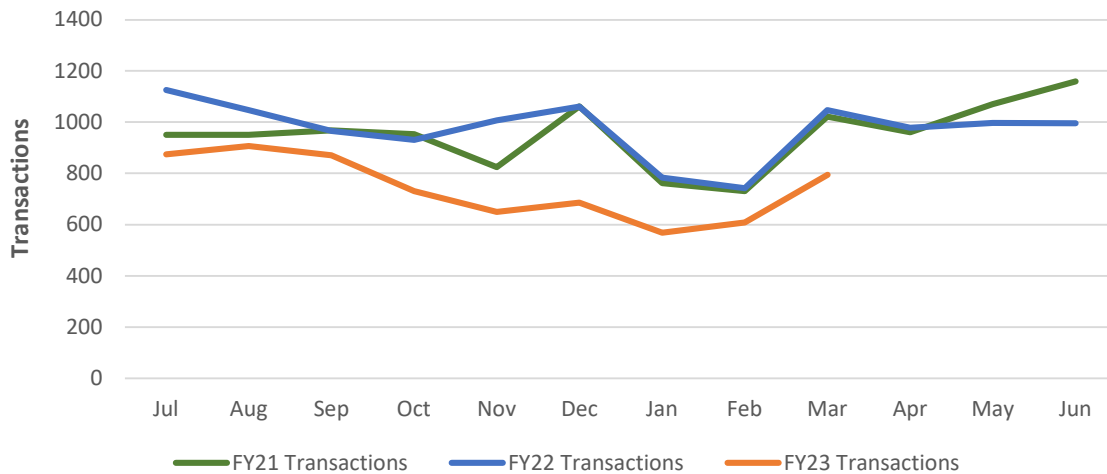
Average Days on the Housing Market and Median Sales Price provides a benchmark of the state of the housing market in Henrico. An increase in the time spent on market may indicate a slowing of the housing market, while a decrease may indicate acceleration. Median Sales Price tracks the middle value of homes sold in the County that month and can provide insight into the general direction of the market. **In the month of March 2023, the Median Sales Price rose from \$325,000 to \$350,000. The median is 2.9% higher than March of 2022, and 26.8% higher than March of 2021¹⁰.** Average Days on the Housing Market dropped from 25 in February to 23 in March, receding from February’s peak.

¹⁰ Long & Foster; <https://marketminute.longandfoster.com/market-minute/va/henrico-county.htm>



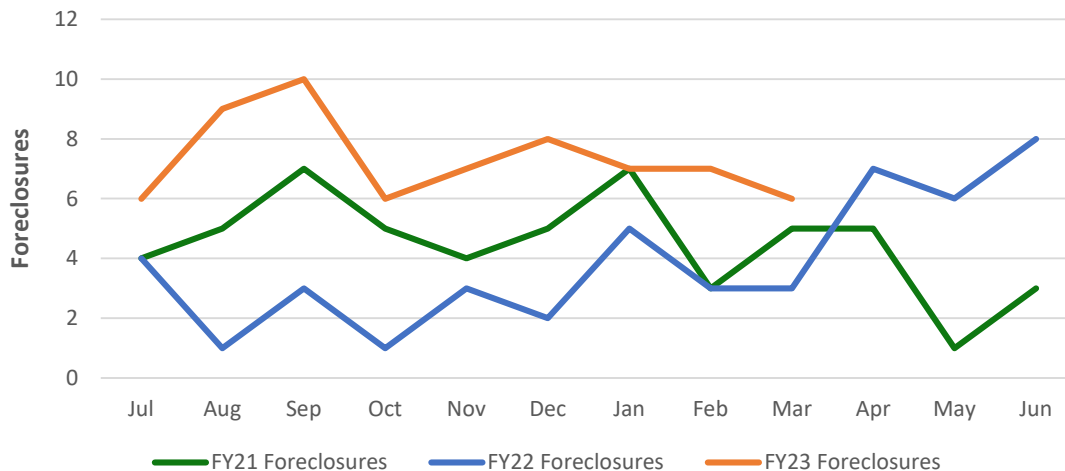
Henrico Metrics

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. **With 794 total residential transactions recorded in March, the market maintains its upward swing witnessed in February.**

Residential Foreclosures

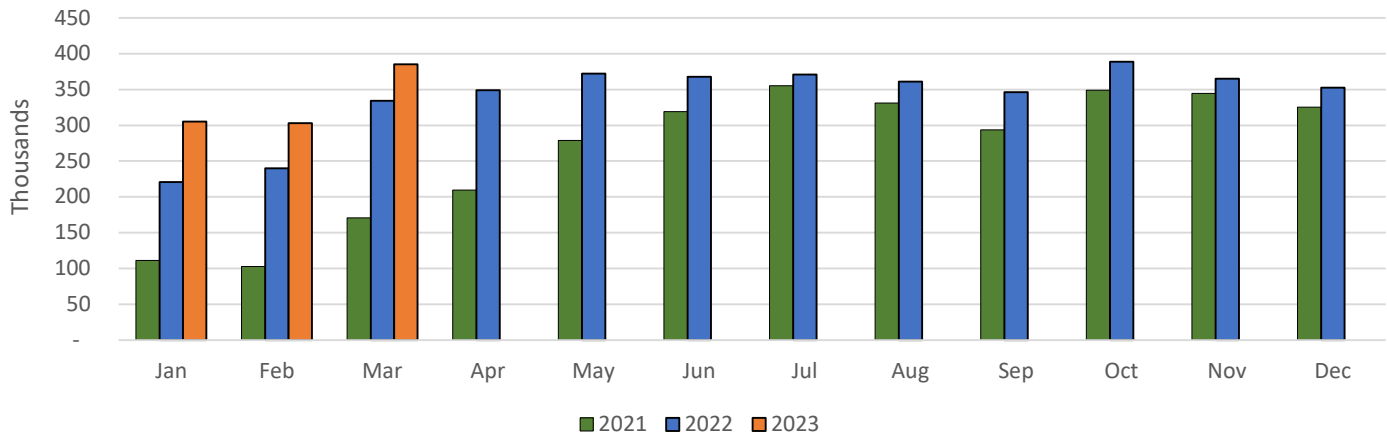


There were 6 foreclosures reported in March.



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 impacted air travel around the country both domestically and internationally. Air travel has seen a continuous recovery, with notable growth resuming in March 2021. **March 2023 was a strong reversal to the downtrend seen over the past few months with 385,113 passengers. However, this metric still reflects a 15.3% increase from March 2022¹¹.**

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



Summary of Financials Period Ended April 30, 2023

	FY23 Approved Budget	FY23 Revised Budget	FY23 YTD Actuals	FY23 Projected Remaining Actuals	Total Projected FY23 Actuals	Over / Under Budget
Revenues from Local Sources	796,520,200	796,520,200	518,064,042	369,790,270	887,854,312	91,334,112
Revenue from the Commonwealth	421,949,865	424,314,798	312,098,556	119,605,336	431,703,892	7,389,094
Revenue from the Federal Government	385,000	385,000	259,297	125,703	385,000	-
Total General Fund Revenues	1,218,855,065	1,221,219,998	830,421,896	489,521,308	1,319,943,203	98,723,205
General Government Expenditures	460,940,765	506,086,199	377,533,970	126,116,954	498,650,924	2,435,275
Education Expenditures	602,656,057	627,980,363	383,590,830	237,689,533	606,280,363	6,700,000
Total General Fund Expenditures	1,063,596,822	1,134,066,562	761,124,800	363,806,487	1,104,931,287	9,135,276

This **Summary of Financials, Period Ended April 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.