



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 May yielded stable and consistent results across numerous measures, closely in line with those of April. The S&P 500 remained relatively flat with minor upwards growth over April while 1st quarter GDP results reported growth of 0.3%. Wage growth outpaced CPI growth by 0.1%, a positive outcome for consumer buying power, and unemployment rates remain low across the Nation, State, and County. The housing market also illustrated stability with the median sales price of the County remaining unchanged from April at \$350,000. Average days on market dropped from 23 to 22, and no significant changes were witnessed within the average 30-year fixed mortgage rate. New car registrations have begun to outpace those of FY22, representing a significant rebound as available inventory returns to post-pandemic normalcy. Tax collections continue to remain strong across all observed segments, including the highest recorded Occupancy Tax collections to date.

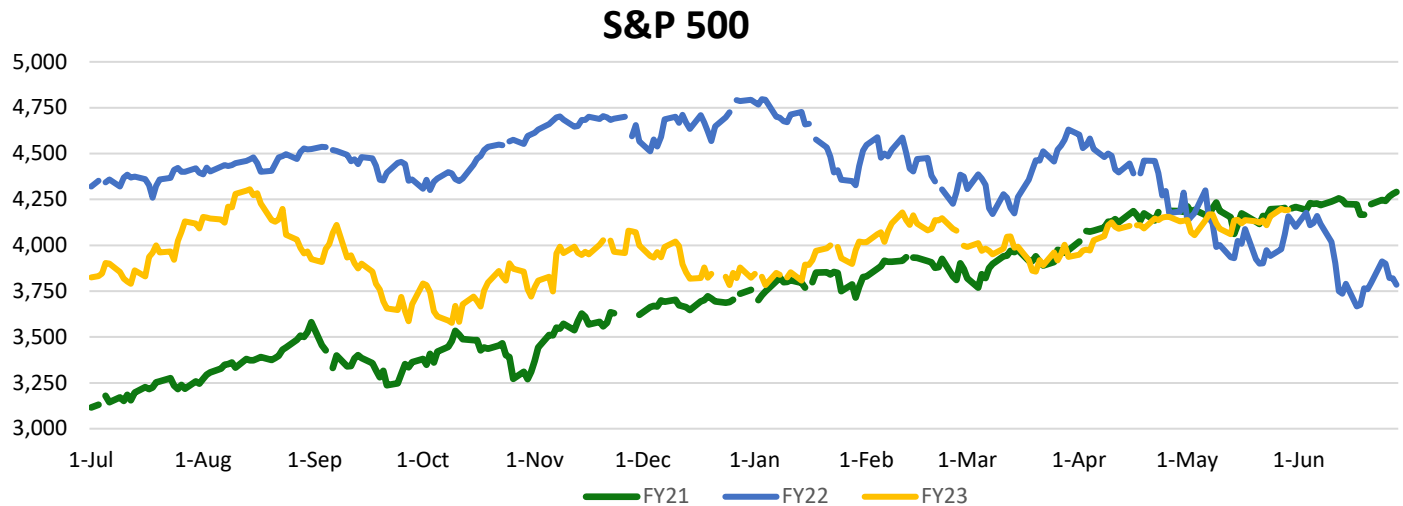
Metrics Considered

- **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

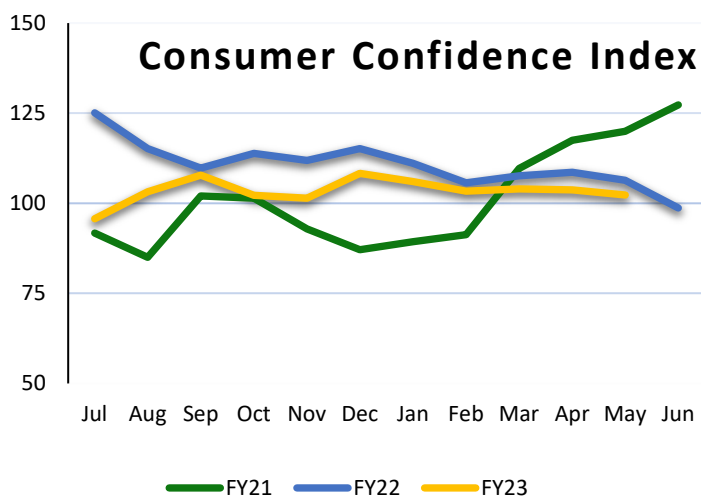


National Metrics

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 May, gaining approximately 23 points over the close of April¹.**



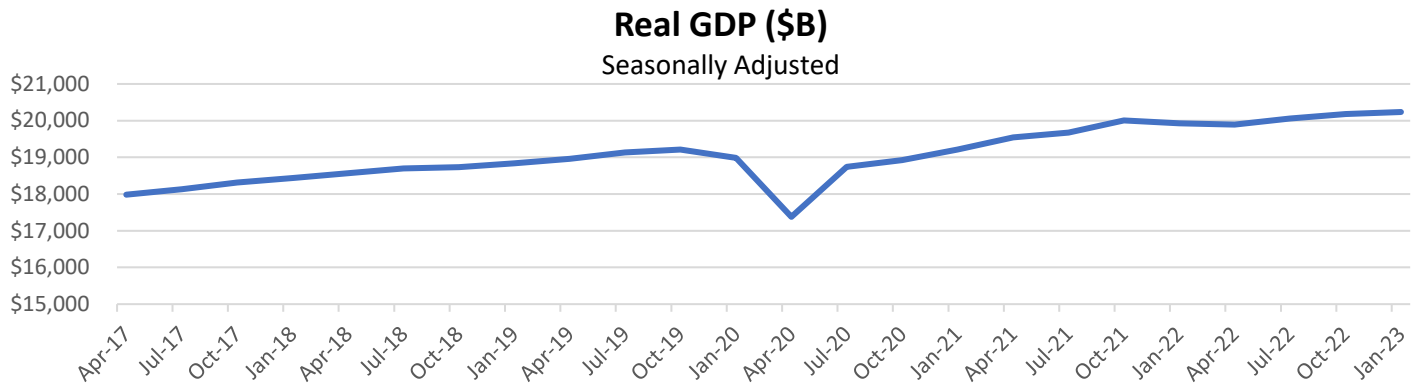
The **Consumer Confidence Index** is a monthly survey given to 5,000 random households gathering opinions on present situations and future expectations. It is benchmarked to 1985 (100) and best compared by reviewing month over month changes. **In May the index decreased slightly from 103.7 to 102.3. Consumers cited negative expectations for future business and employment conditions².**

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

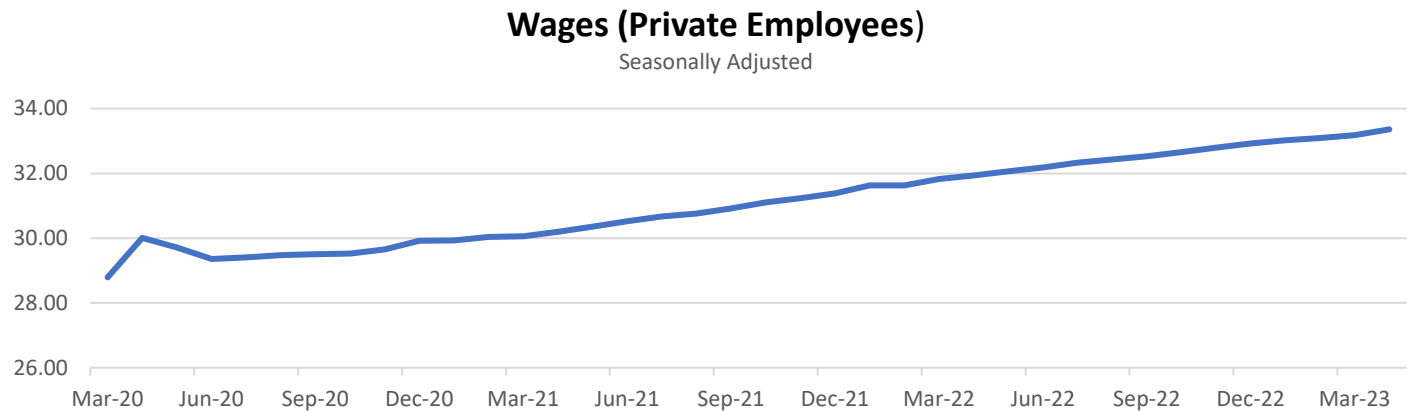
² The Conference Board; [US Consumer Confidence \(conference-board.org\)](https://www.conference-board.org/US-Consumer-Confidence)



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 first quarter of 2023, real GDP increased by 0.3%³ when compared to Q4 2022, 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 April, the average hourly wage increased to \$33.36. This rise of \$0.18 from March represents a 0.5% increase⁴.** The last time wages decreased from the prior month was in June 2020 reflecting impacts of the pandemic.

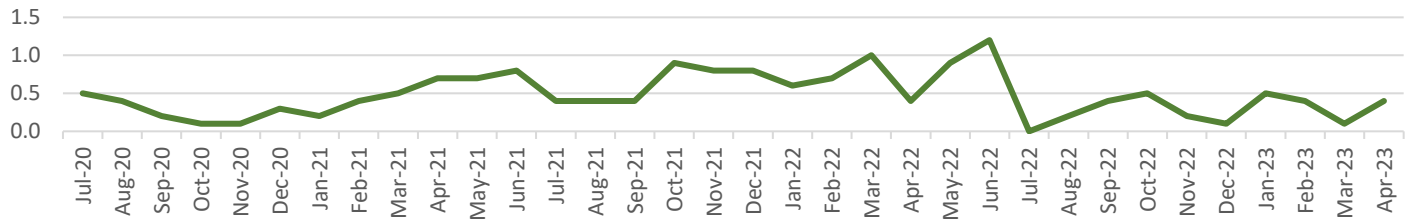
³ Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/GDP>; GDP data is published quarterly.

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



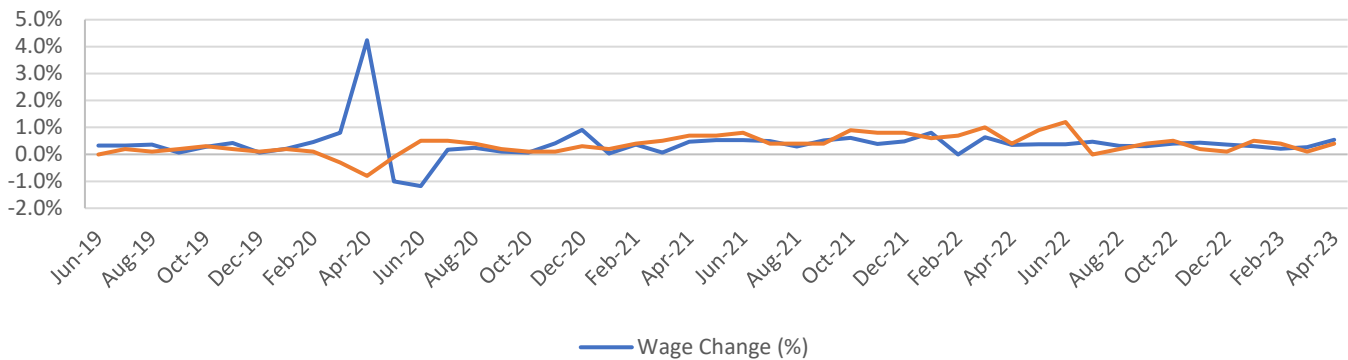
National Metrics

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 April 2023, the consumer price index rose by 0.4%**⁵. The current 12-month CPI growth is 5.4% (unadjusted) as reported by the Bureau of Labor Statistics. This is 3.5% less than the trailing 12-month average of 8.9%, indicating continued inflation less than that of last year.

Average Hourly Wage Changes against Changes in CPI



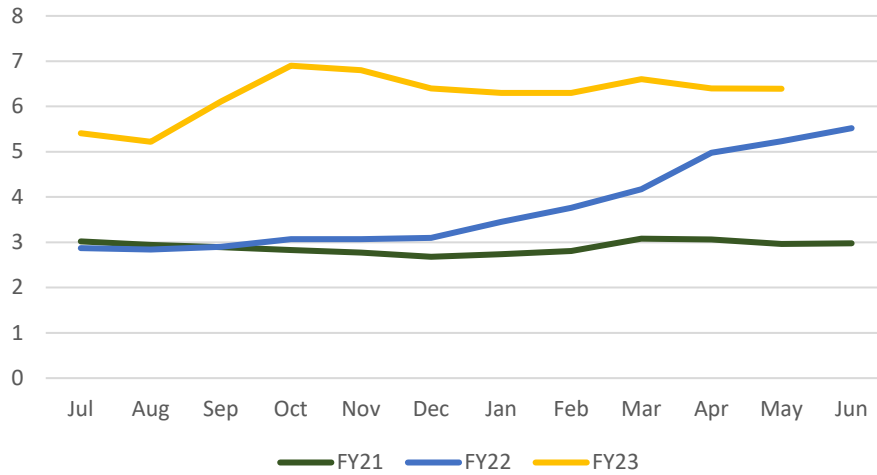
Average Hourly Wage Changes against Changes in the Consumer Price Index analyzes the relationship between national wages and consumer pricing, and more loosely, its affiliate inflation. It should be noted that this graph encompasses month over month changes, with both metrics demonstrating continuous upwards growth over the past 2 years of recorded data. **April's monthly wage growth of 0.5% was higher than the CPI's 0.4% growth, 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)



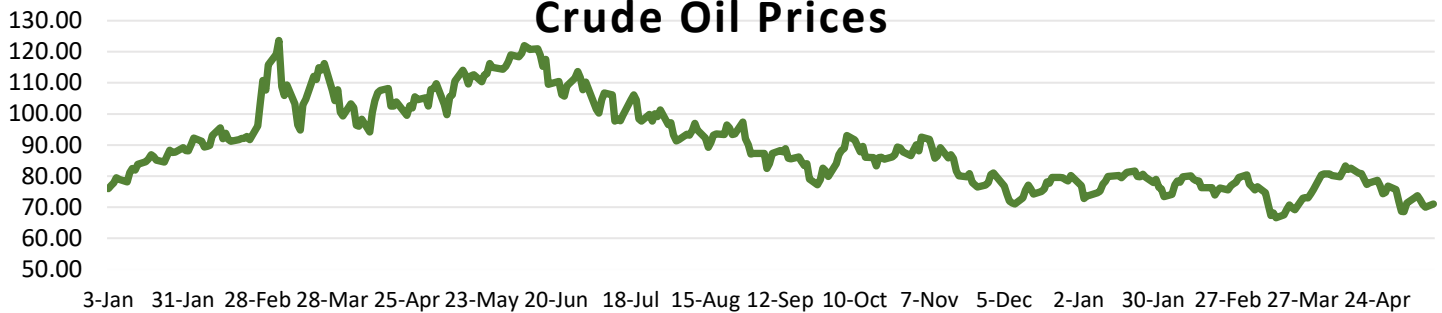
National Metrics

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 May of 2023, the 30-year fixed mortgage interest rate stayed stagnant from April at 6.39%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 May 2023 pricing was recorded at \$71.07, a 42.5% 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.

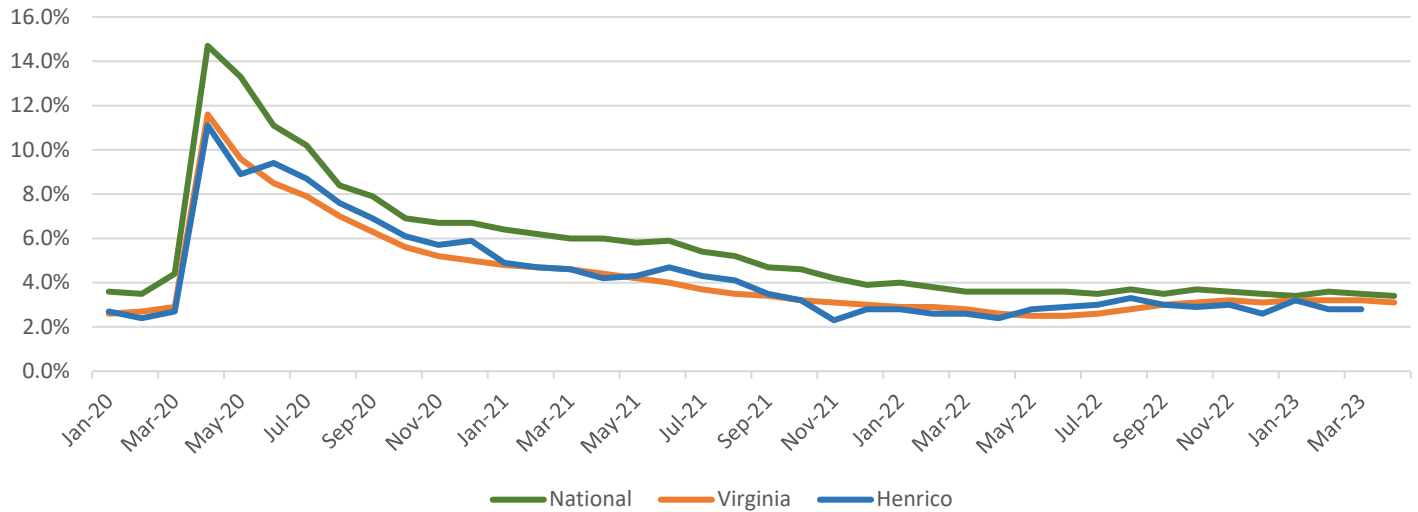
⁶ Freddie Mac; [30-Year Fixed-Rate Mortgages Since 1971 - Freddie Mac](https://freddie.com/research/30-year-fixed-rate-mortgages-since-1971/)

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



Combined Metrics

Unemployment Rates



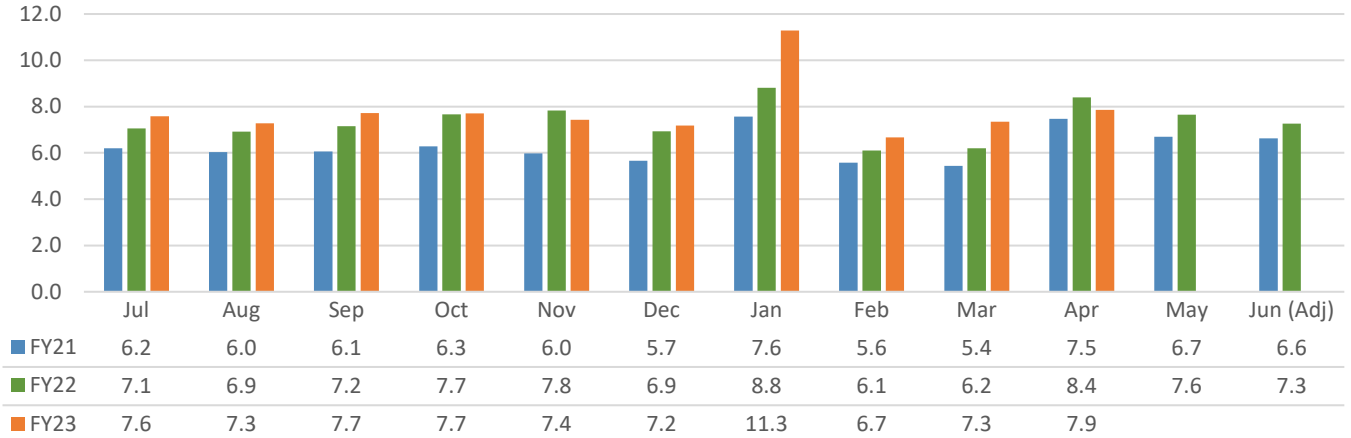
The **Unemployment Rate** shows the number of unemployed people as a percentage of the workforce. Known as the U-3 unemployment rate, an individual must be actively seeking work or laid off to be included. State unemployment data lags roughly six weeks while local unemployment data lags 9 weeks. **In the month of April, the unemployment rate rose 0.1% at the National level and dropped 0.1% at the State level⁸. In the month of March, the Henrico unemployment rate remained unchanged from February at 2.8%** 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.

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



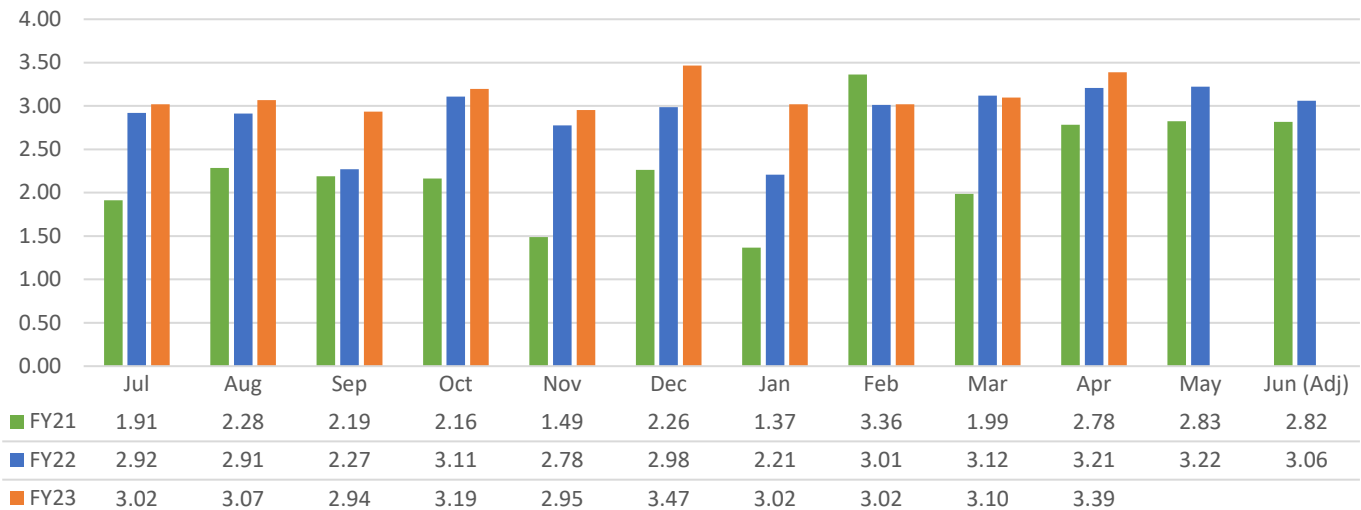
Henrico Metrics

Local Sales & Use Tax



Henrico County **Sales & Use Tax** amounts to 6.0% on each purchase collected by the Commonwealth. 1% is remitted back to the County from the State. **April data recorded collections of \$7.9 million. FY23 year-to-date collections are 6.83% greater than those of FY22.**

Meals Tax

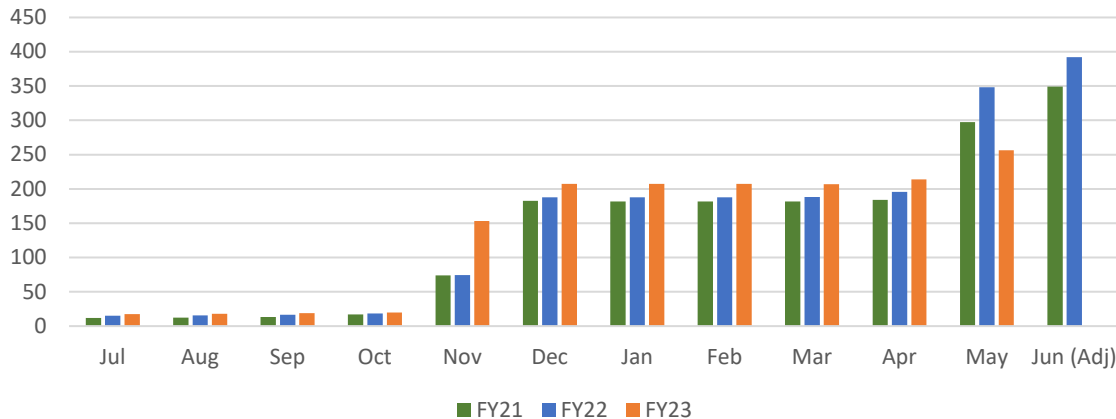


Henrico’s **Meals Tax** establishes a 4% tax on prepared food and beverages. Revenue generated by the Meals Tax is dedicated to the operational and capital project needs of Henrico’s Public Schools. Collections are backdated two months and compared as year-over-year monthly collections. **April FY23 collections at \$3.39 million represent an increase of \$0.18 million over April 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.



Henrico Metrics

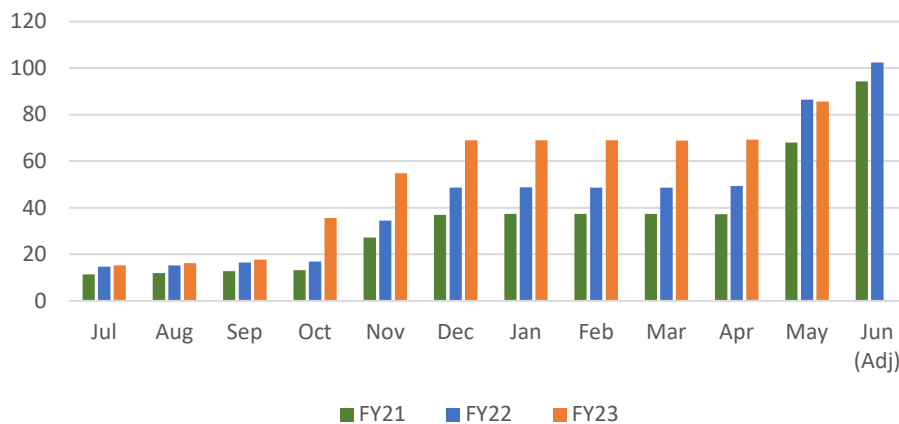
Real Property Taxes (\$ Millions)



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 May FY23 recorded \$256 million.** The graph above represents cumulative collections through the fiscal years.

Personal Property Taxes (\$ Millions)



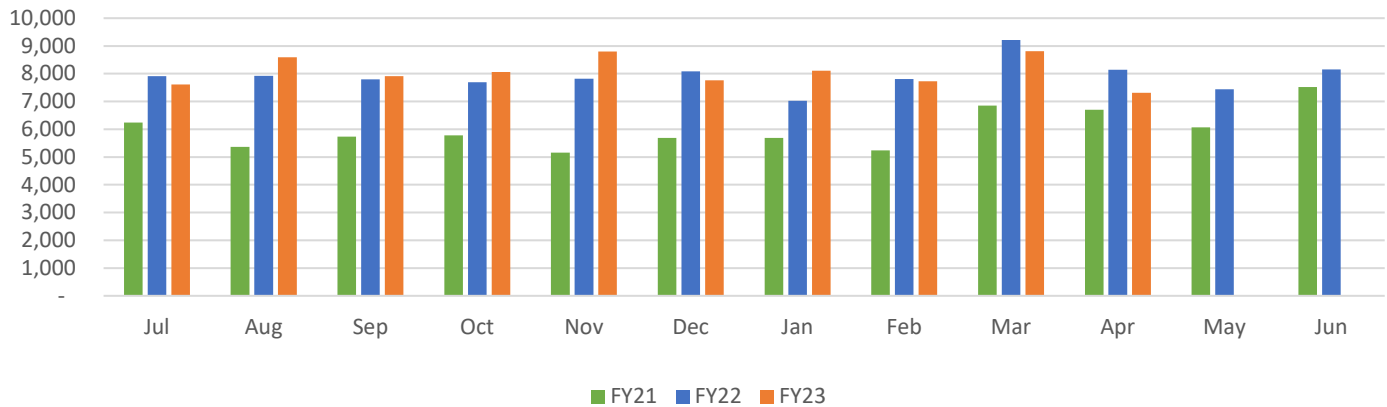
Personal Property Taxes are collected on all vehicles including cars, trucks, trailers, motorcycles, motor homes, aircraft, and watercraft. Personal property is collected in the locality where it is normally garaged, docked, or parked. Henrico County uses the J.D. Power Official Used Car Guide as of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

Collections for the month of May FY23 were equal to those of May 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.

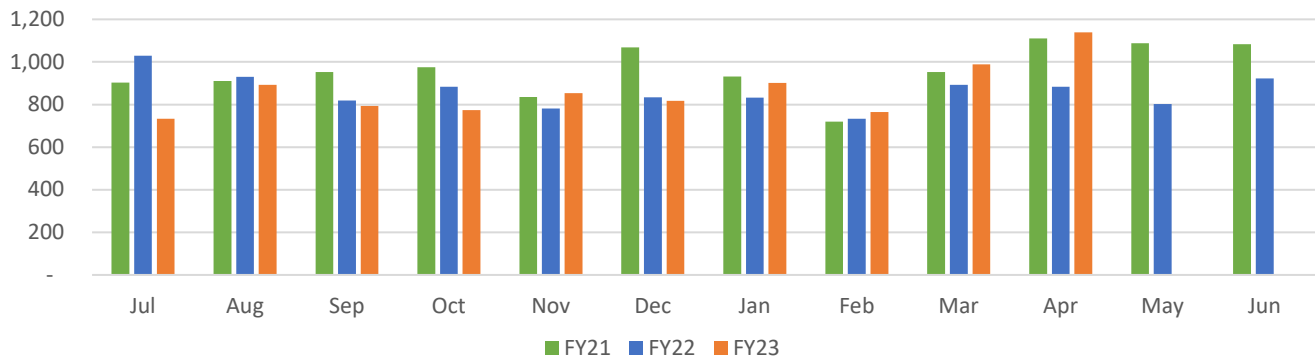


Henrico Metrics

Used Car Registration



New Car Registration

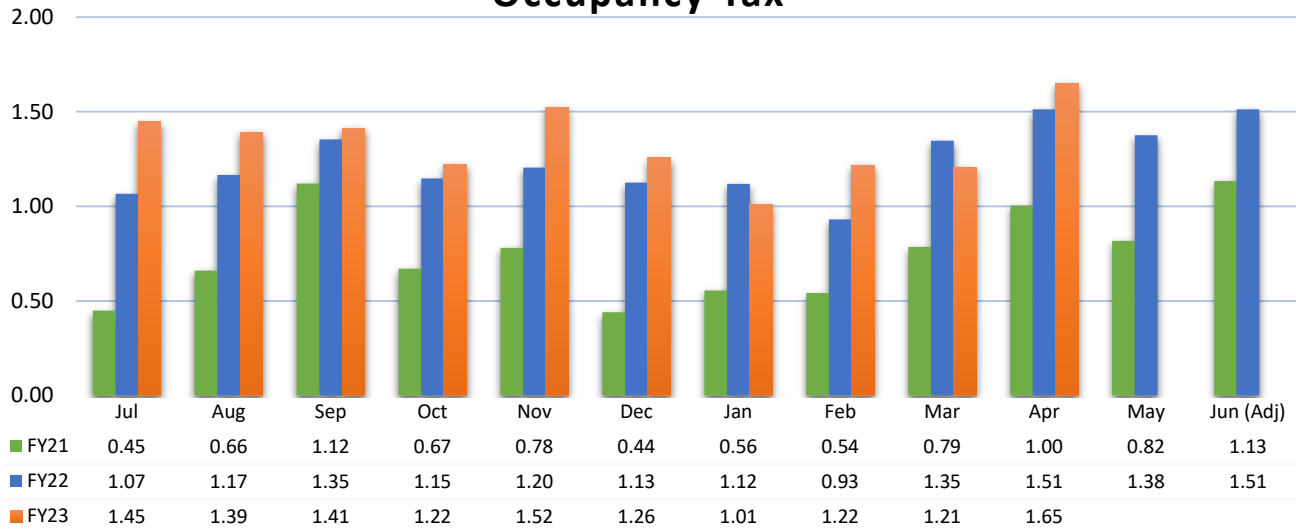


Vehicle Registration data is acquired from the Virginia Department of Transportation and is comprised of both new and used vehicles; the metric strongly correlates to vehicle sales. **Used Car Registration in April recorded 7,311; 832 lower than April of FY22. Year to Date collections remain greater than FY22. New Car Registration in March recorded 1,139, 256 higher than April of FY22.**



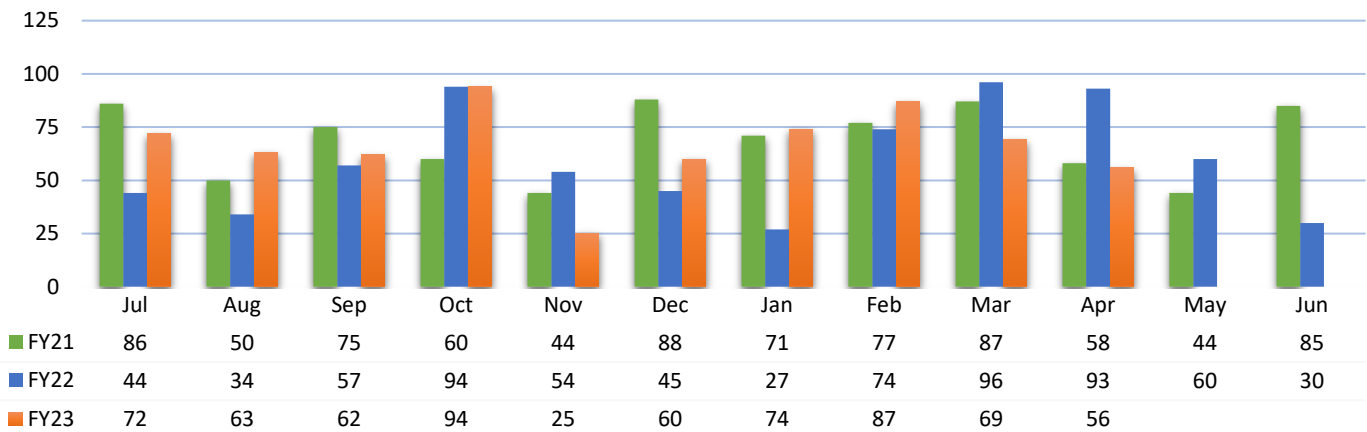
Henrico Metrics

Occupancy Tax



Henrico’s **Occupancy Tax** is collected on lodging for overnight stays. **Occupancy Tax collections in April were \$1.65 million, the highest of any point in the recorded data set.** Occupancy Tax collections have returned to pre-pandemic normalcy.

New Residential Construction

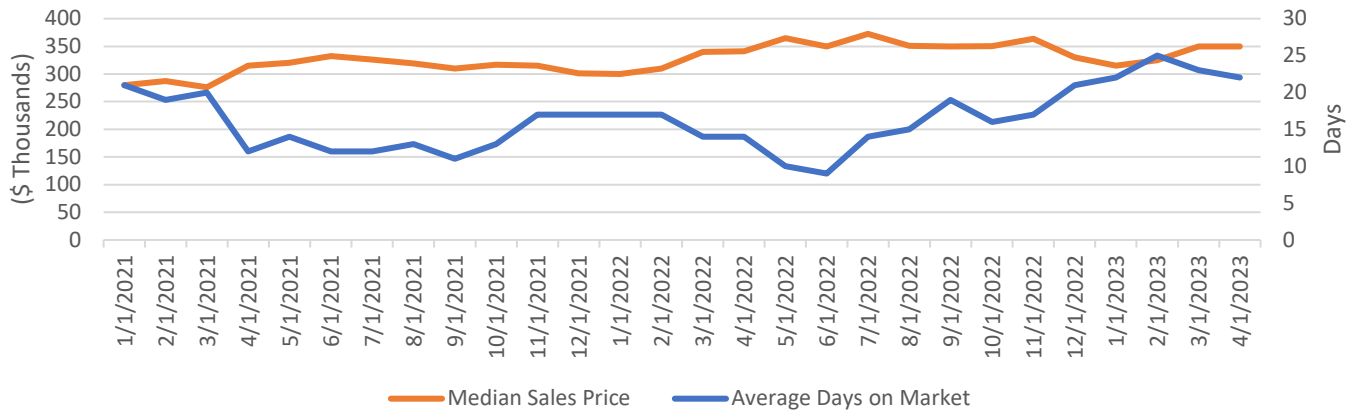


New Residential Construction is comprised of new single-family houses that were issued building permits. A slowdown may indicate worsening economic conditions, increased competition from neighboring localities, or a lack of expansion capabilities. **April FY23 construction recorded 56 permits, 37 lower than April FY22.**



Henrico Metrics

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



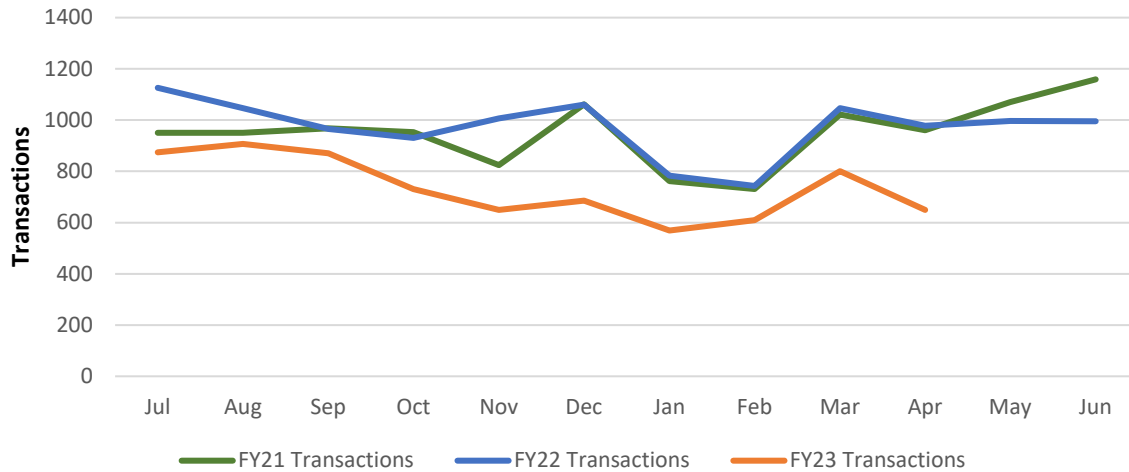
Average Days on the Housing Market and Median Sales Price provides a benchmark of the state of the housing market in Henrico. An increase in the time spent on market may indicate a slowing of the housing market, while a decrease may indicate acceleration. Median Sales Price tracks the middle value of homes sold in the County that month and can provide insight into the general direction of the market. **In the month of April 2023, the Median Sales Price stayed flat over March at \$350,000. The median is 2.64% higher than April of 2022, and 11.11% higher than April of 2021⁹.** Average Days on the Housing Market dropped from 23 in March to 22 in April, receding from February’s peak.

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



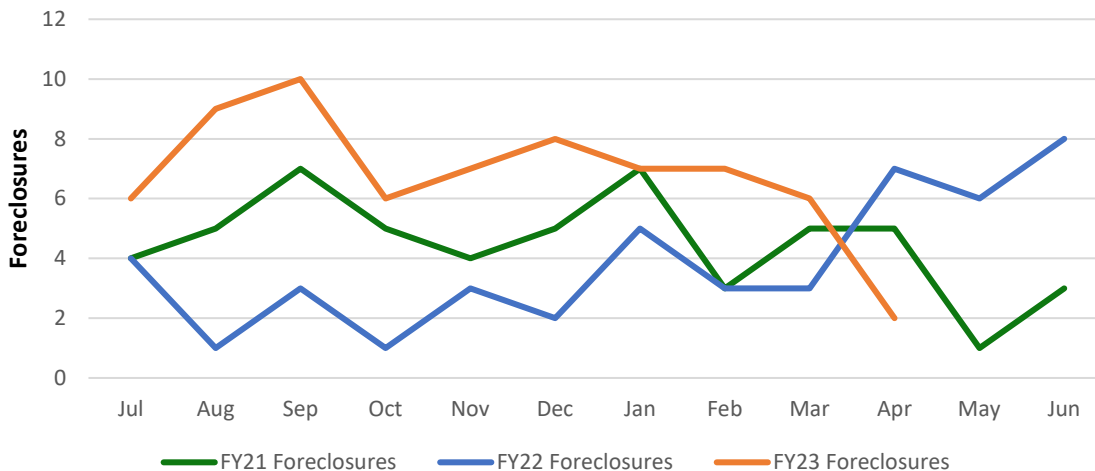
Henrico Metrics

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. **650 total residential transactions were recorded April. This marks a decline of 328 from April of FY22 and a continued decline in fiscal year-to-date transactions.**

Residential Foreclosures

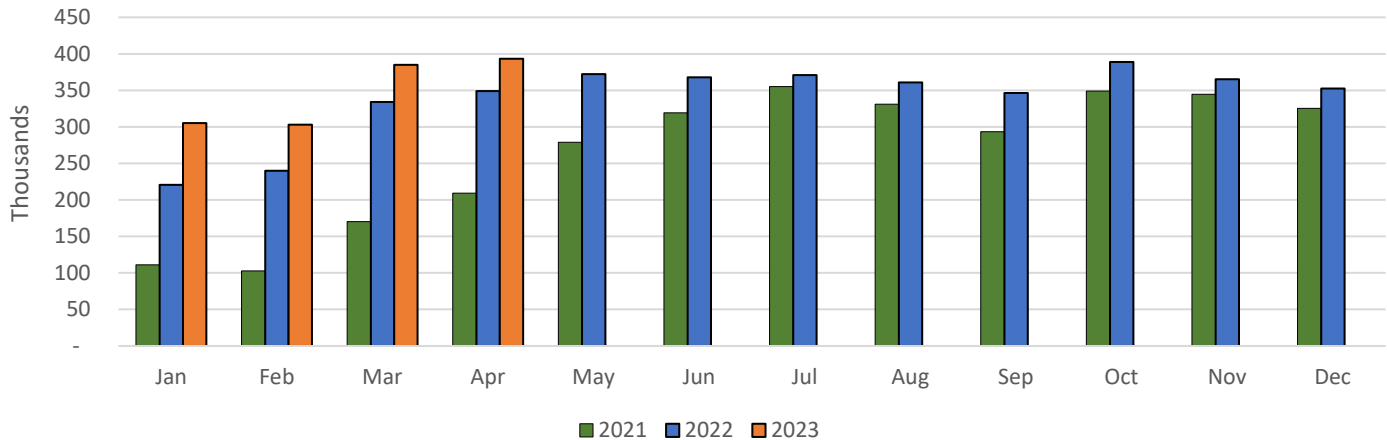


There were 2 foreclosures reported in April.



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. **April 2023 reported considerably high traffic with the highest number of recorded passenger activity since October of 2019¹⁰.**

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



Summary of Financials Period Ended May 31, 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	577,358,149	323,629,541	900,987,691	104,467,491
Revenue from the Commonwealth	421,949,865	424,314,798	344,763,068	89,181,911	433,944,979	9,630,181
Revenue from the Federal Government	385,000	385,000	336,314	48,686	385,000	-
Total General Fund Revenues	1,218,855,065	1,221,219,998	922,457,532	412,860,138	1,335,317,670	114,097,672
General Government Expenditures	460,940,765	506,086,199	419,410,337	82,482,962	496,893,299	4,192,900
Education Expenditures	602,656,057	627,980,363	430,514,549	190,765,813	606,280,363	6,700,000
Total General Fund Expenditures	1,063,596,822	1,134,066,562	849,924,886	273,248,775	1,103,173,662	10,892,901

This **Summary of Financials, Period Ended May 31, 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.