



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 October 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 October while the Consumer Confidence Index dropped from 104.3 to 102.6, with consumers citing concerns over higher prices and rising interest rates. 30-year fixed mortgage rates hit a new peak in recent history at 7.6%; this may have consequentially influenced the County's Median Sales Price for the month of September, which retreated to \$358,000, down from \$385,000 in August. Average days on the housing market rose from 17 to 19. Tax collections continue to remain strong across all observed segments in FY24 and unemployment remains low at the National, State, and County levels.

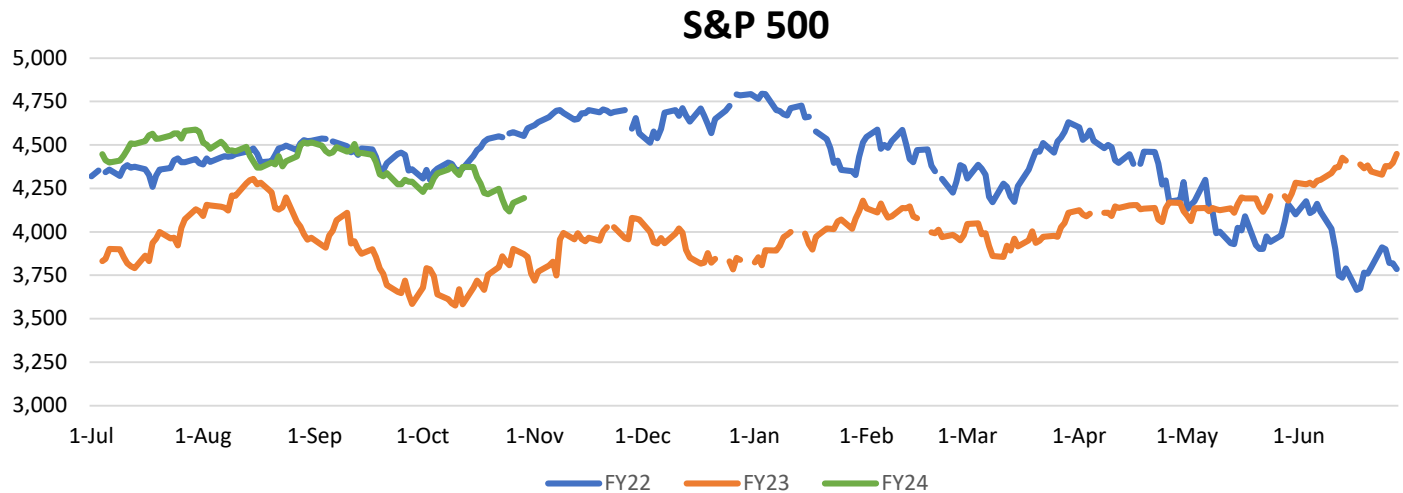
Metrics Considered

- **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



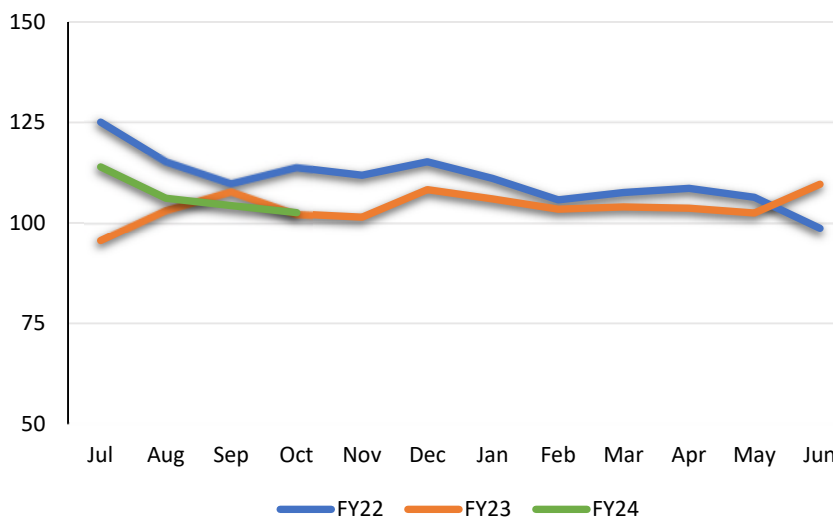
National Metrics

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 October, coming in approximately 94 points, or 2.2%, under the close of September¹.**

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 October, the index continued its decline from 104.3 to 102.6, a stark contrast to the 114-peak seen in July. Consumers cited concerns over rising prices and higher interest rates².**

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

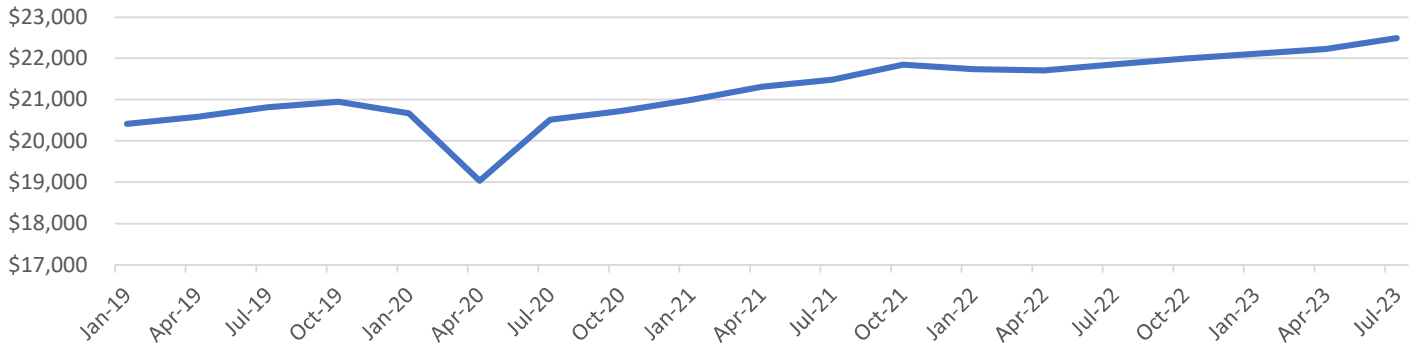
² The Conference Board; [US Consumer Confidence \(conference-board.org\)](https://www.conference-board.org/data/consumer-confidence/)



National Metrics

Real GDP (\$B)

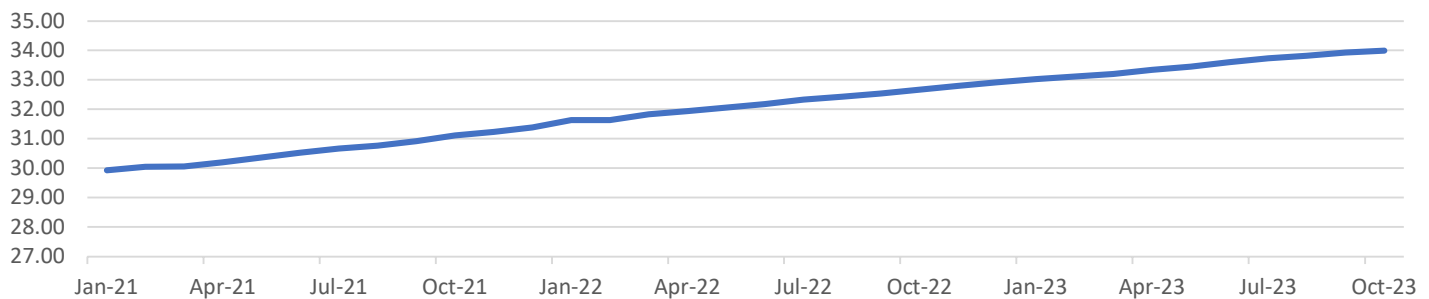
Seasonally Adjusted



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 third quarter of 2023, real GDP increased by 1.2%³ when compared to Q2 2023, 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 October, the average hourly wage increased to \$34.00. This rise of \$0.07 from September represents a 0.2% increase⁴.** The last time wages decreased from the prior month was in June 2020 reflecting impacts of the pandemic.

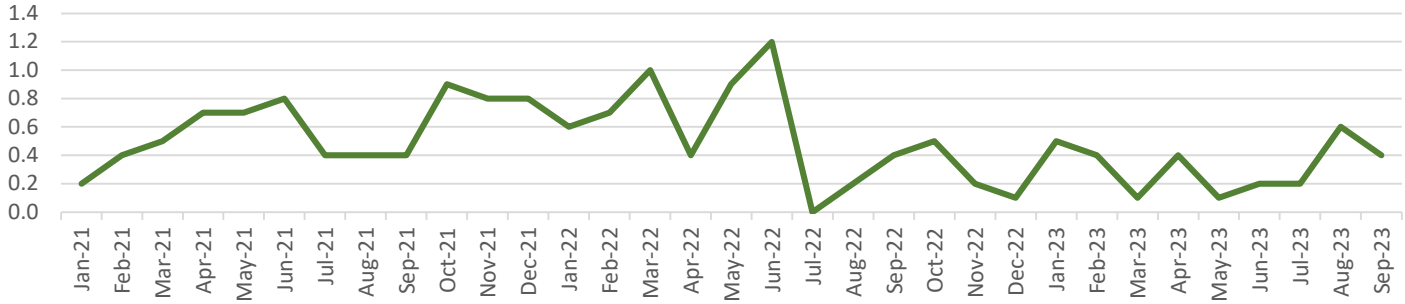
³ Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/GDP>; GDP data is published quarterly.

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



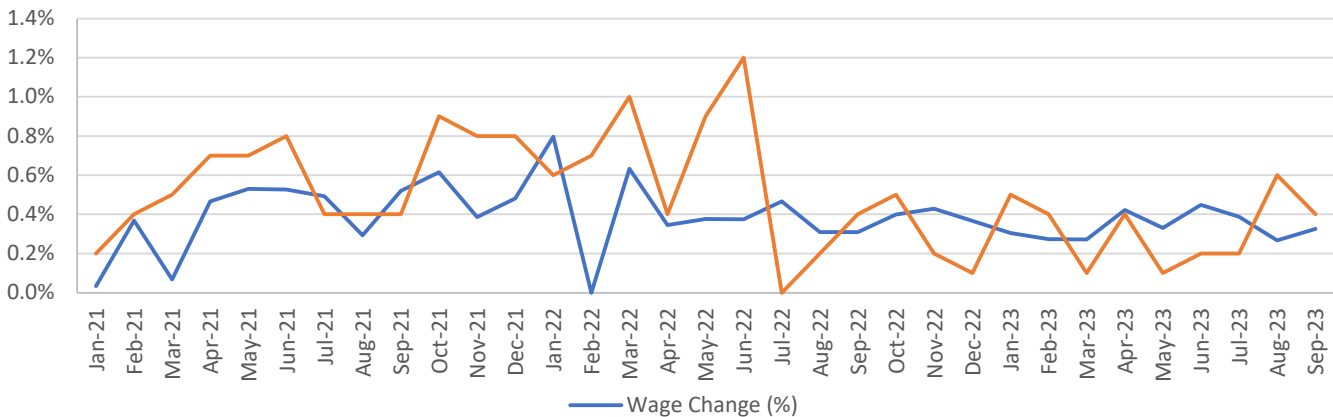
National Metrics

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 September 2023, the consumer price index rose by 0.4%⁵.** The current 12-month CPI growth is 4.2% (unadjusted) as reported by the Bureau of Labor Statistics. This is 4.4% 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



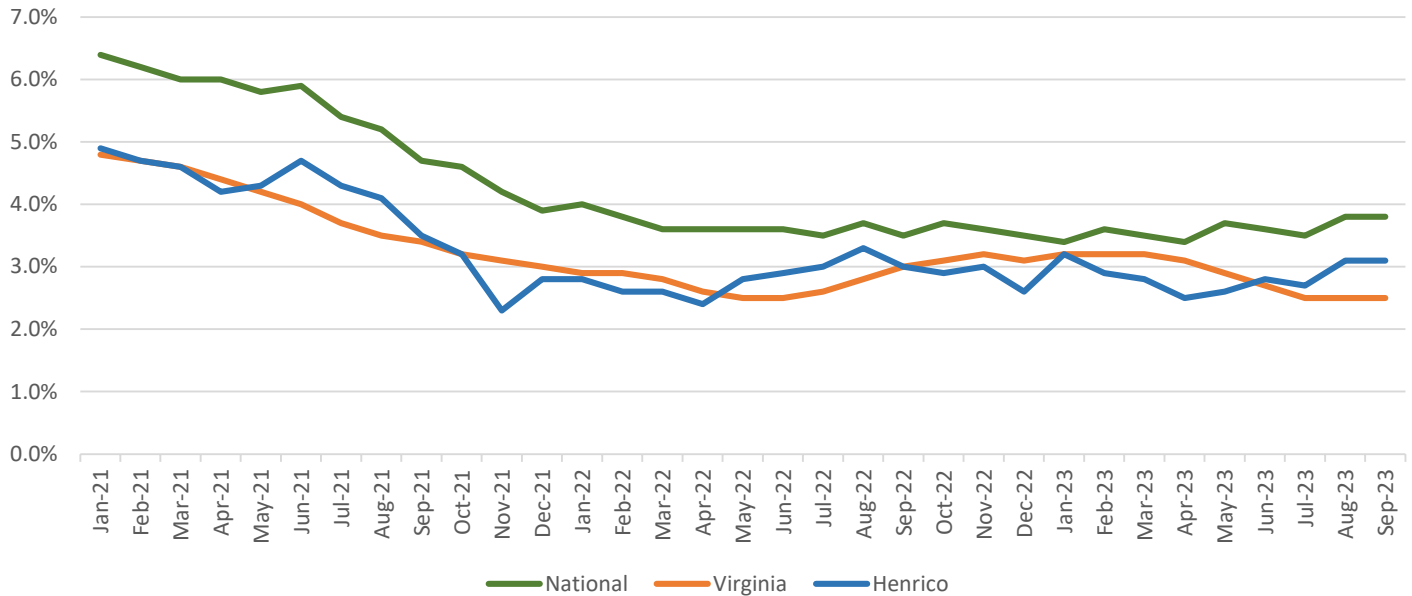
Average Hourly Wage Changes against Changes in the Consumer Price Index analyzes the relationship between national wages and consumer pricing, and more loosely, its affiliate inflation. It should be noted that this graph encompasses month over month changes, with both metrics demonstrating continuous upwards growth over the past 2 years of recorded data. **September's monthly wage growth of 0.3% was lower than the CPI's 0.4% 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)



Combined Metrics

Unemployment Rates



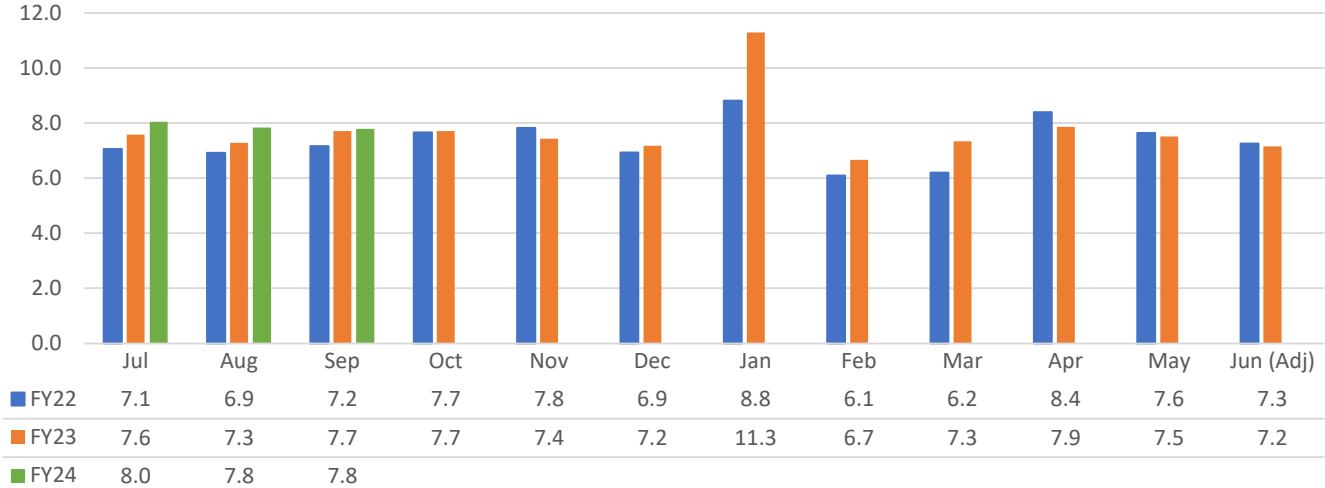
The **Unemployment Rate** shows the number of unemployed people as a percentage of the workforce. Known as the U-3 unemployment rate, an individual must be actively seeking work or laid off to be included. State unemployment data lags roughly six weeks while local unemployment data lags 9 weeks. **In the month of September, the unemployment rate remained unchanged at the National, State, and Local levels⁸.** 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>



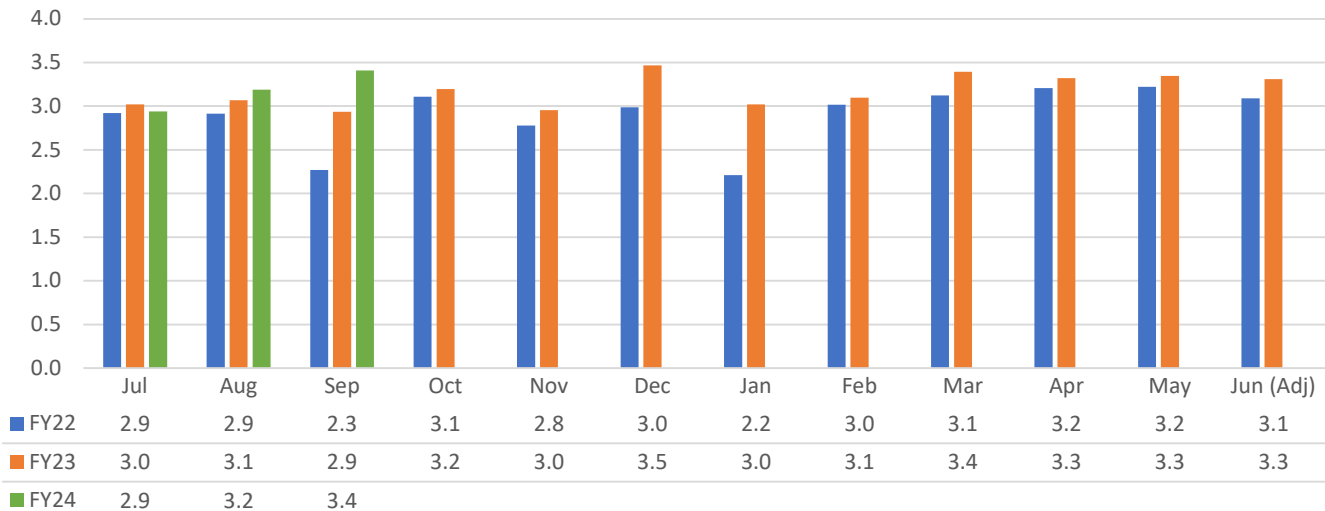
Henrico Metrics

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. **September FY24 recorded collections of \$7.8 million, 1% higher than the same period in FY23.**

Meals Tax

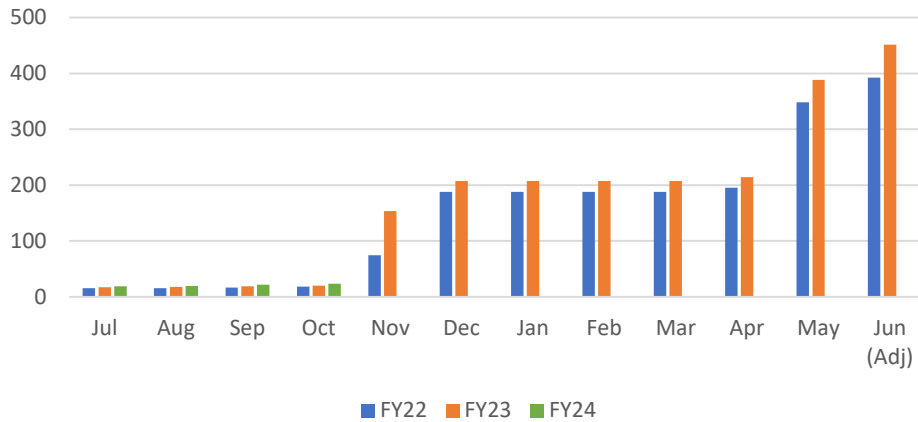


Henrico's **Meals Tax** establishes a 4% tax on prepared food and beverages. Revenue generated by the Meals Tax is dedicated to the operational and capital project needs of Henrico's Public Schools. Collections are backdated two months and compared as year-over-year monthly collections. **September FY24 collections of \$3.4 million represent an increase of \$0.5 million over September FY23 collections.** FY23 collections of \$38.1 million far exceeded pandemic and pre-pandemic levels reflecting an overwhelming resurgence in dining out.



Henrico Metrics

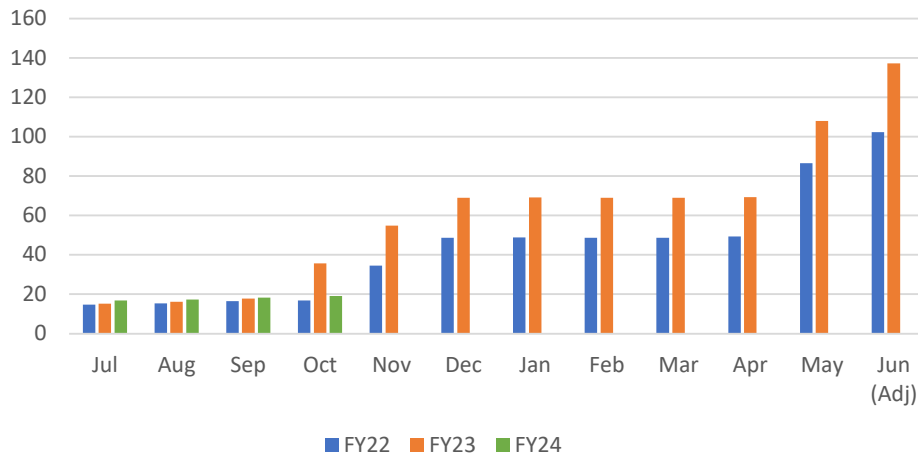
Real Property Taxes
(\$ Millions)



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. **Real Property Tax collections for October FY24 recorded \$23 million; 16.9%**

higher than October FY23. The graph above represents cumulative collections through the fiscal years.

Personal Property Taxes
(\$ Millions)



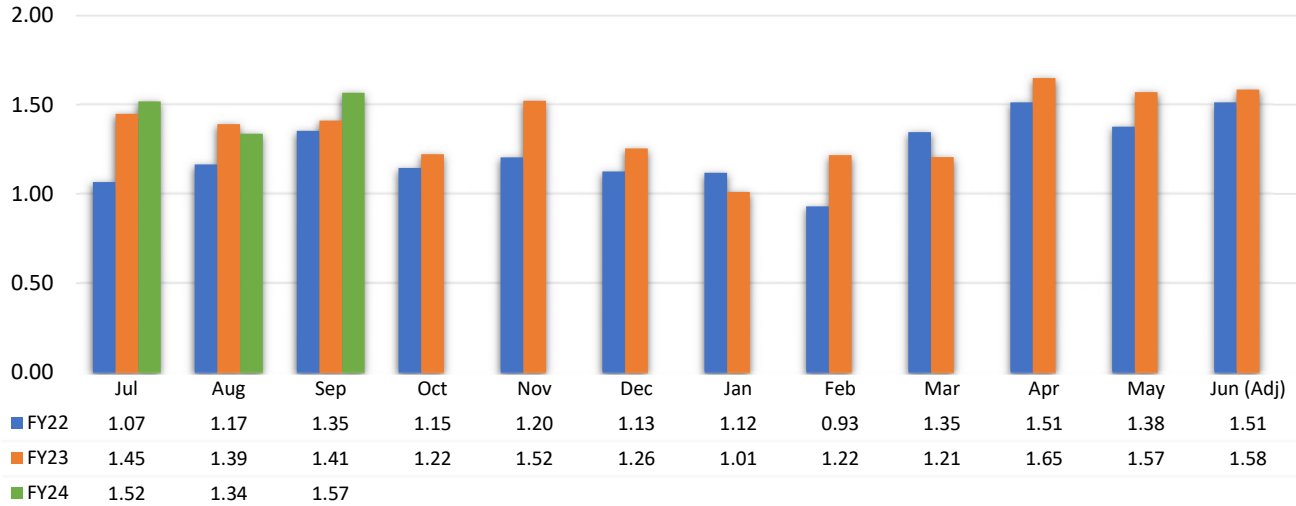
Personal Property Taxes are collected on all vehicles including cars, trucks, trailers, motorcycles, motor homes, aircraft, and watercraft. Personal property is collected in the locality where it is normally garaged, docked, or parked. Henrico County uses the J.D. Power Official Used Car Guide as of January 1st of each year to establish valuations. Collections are due twice a year in December and June. **Personal Property Tax Collections for October FY24**

totalled \$19 million; 46.4% less than October FY23. This is due to the personal property tax credit being recognized during this period last fiscal year. 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.



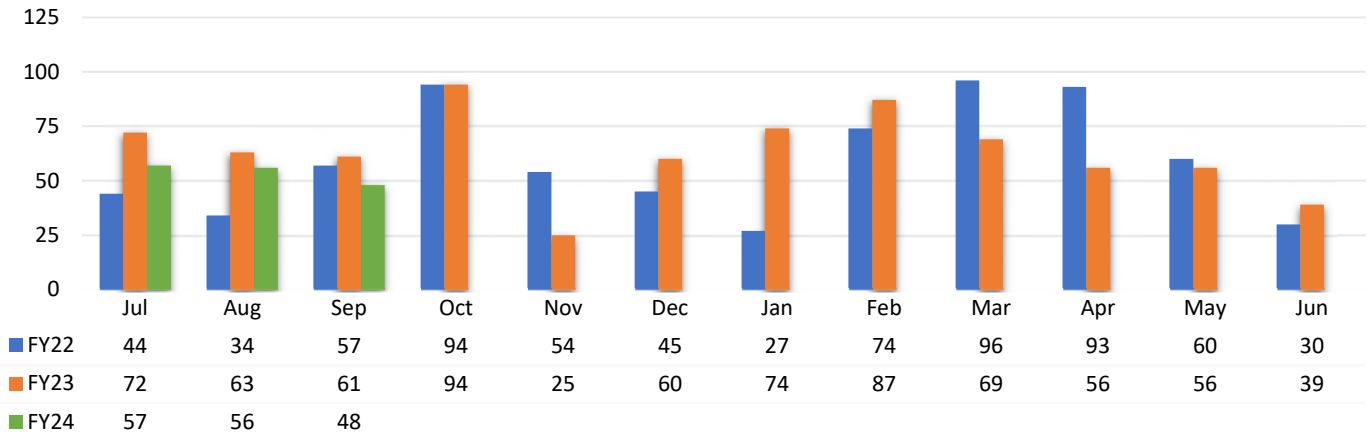
Henrico Metrics

Occupancy Tax



Henrico’s **Occupancy Tax** is collected on lodging for overnight stays. **Occupancy Tax collections in September were \$0.16 million more than those of September FY23.**

New Residential Construction

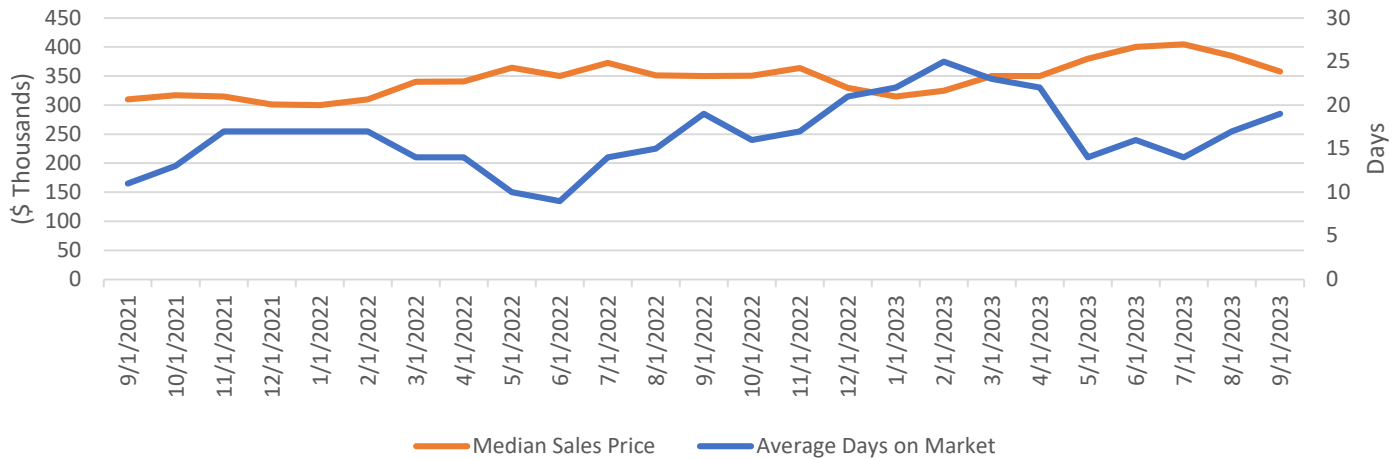


New Residential Construction is comprised of new single-family houses that were issued building permits. A slowdown may indicate worsening economic conditions, increased competition from neighboring localities, or a lack of expansion capabilities. **September FY24 construction recorded 48 permits, 13 less than September FY23.**



Henrico Metrics

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



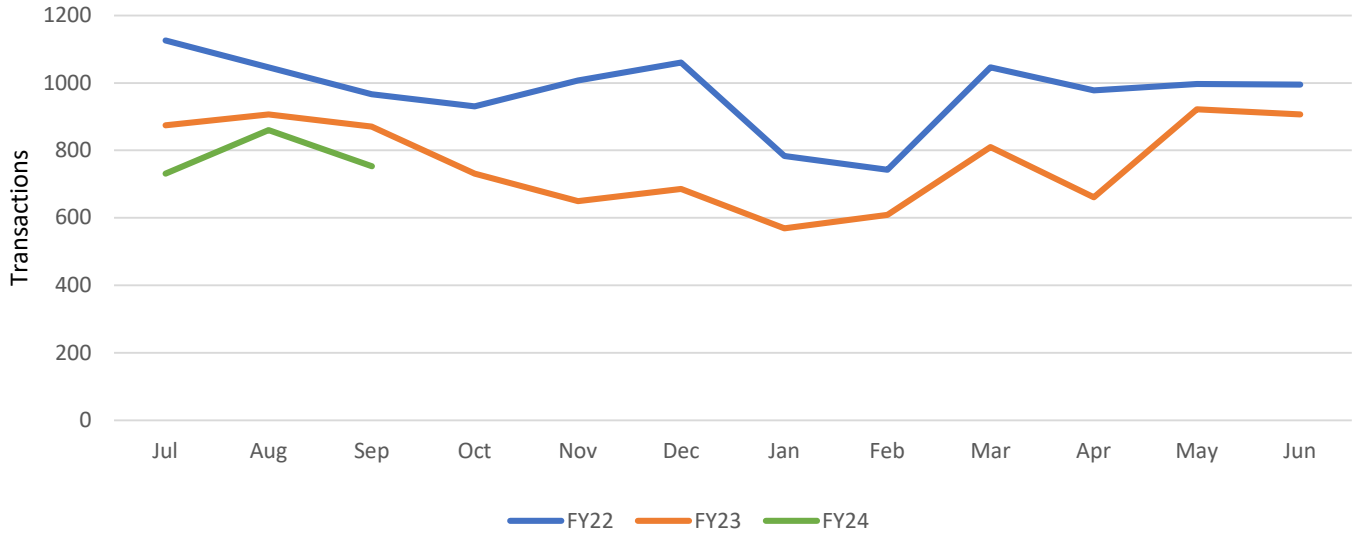
Average Days on the Housing Market and Median Sales Price provides a benchmark of the state of the housing market in Henrico. An increase in the time spent on market may indicate a slowing of the housing market, while a decrease may indicate acceleration. Median Sales Price tracks the middle value of homes sold in the County that month and can provide insight into the general direction of the market. **In September 2023, the Median Sales Price dropped \$27,000 to \$358,000; despite this drop, the median was still 2.3% higher than September 2022, and 15.5% higher than September 2021⁹.** Average Days on the Housing Market rose from 17 in August to 19 in September.

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



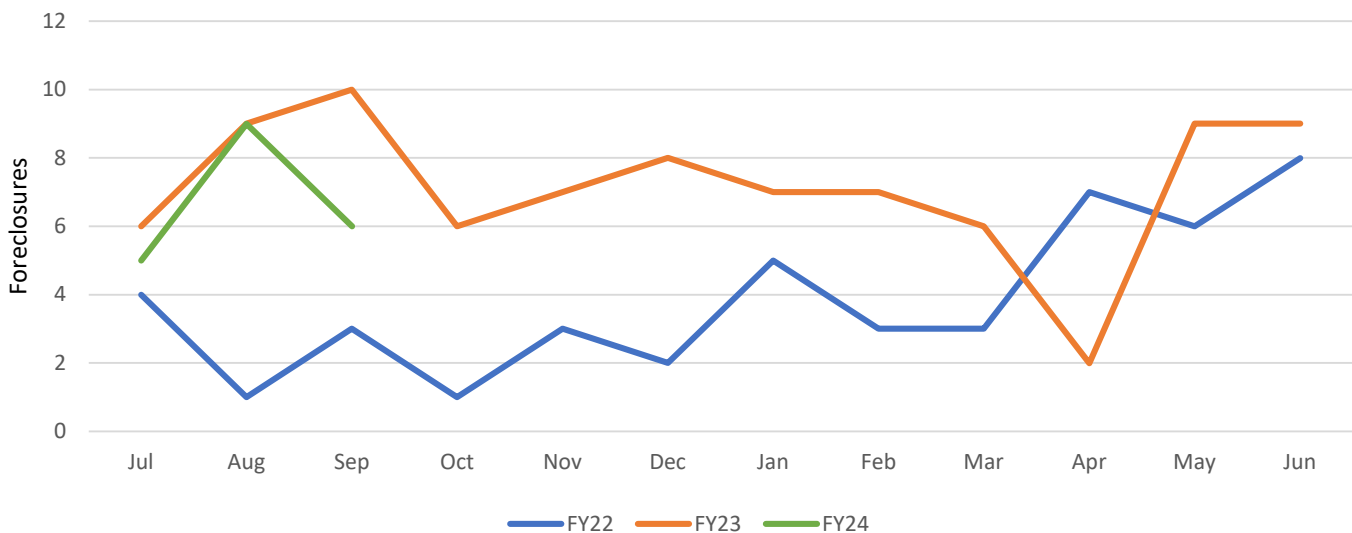
Henrico Metrics

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 represents a healthy and growing market. **753 total residential transactions were recorded in September. This marks a decline of 118 from September 2022 and is indicative of less activity in the local real estate market.**

Residential Foreclosures

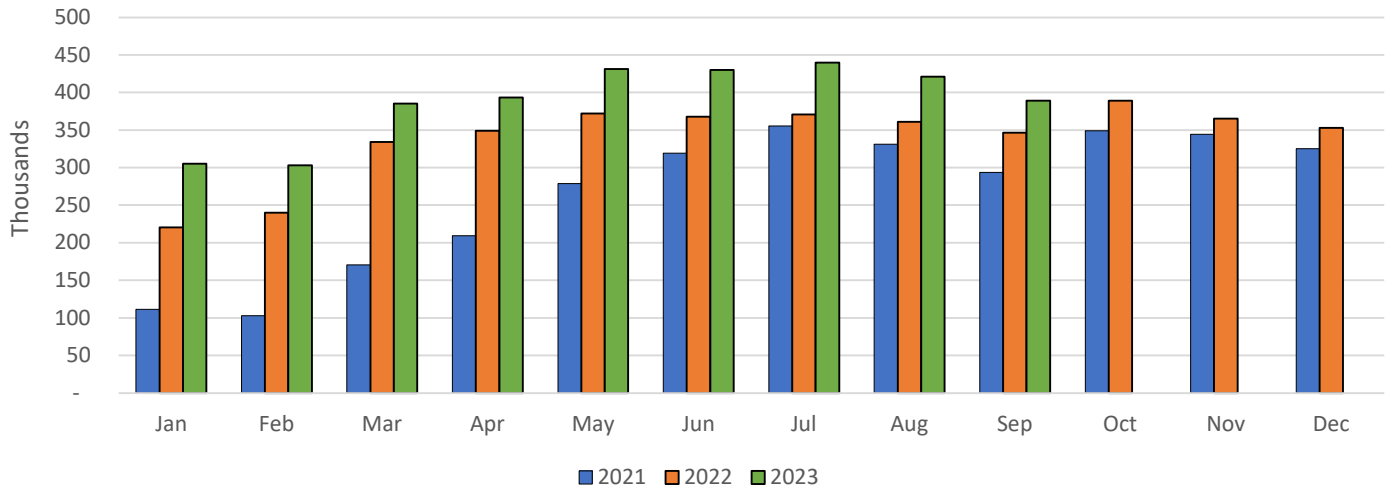


There were 6 foreclosures reported in September, a decrease from 9 in August.



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. **September 2023 continues the trend of month-over-month all-time-high passenger activity, up 12.3% from September of 2022¹⁰.**

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