



CITY OF RICHMOND

ECONOMIC INDICATORS

AUGUST 2024

The *City of Richmond Economic Indicators* highlights indicators of economic activity in the city, region, state, and nation. It provides information on current economic conditions such as, the employment situation, retail sales, and the housing market. Supplemental indicators at the regional, state, and national level that may impact the local economy are also included. The figures reported may be subject to revision in the following month, quarter or year. In the report, it is noted for each indicator whether it is updated monthly (M), quarterly (Q), semi-annually (S) or annually (A). The report is updated monthly as new data become available, although the timing of publishing the report may coincide with release of new data. Data not updated monthly may be included in the report when the new data becomes available.

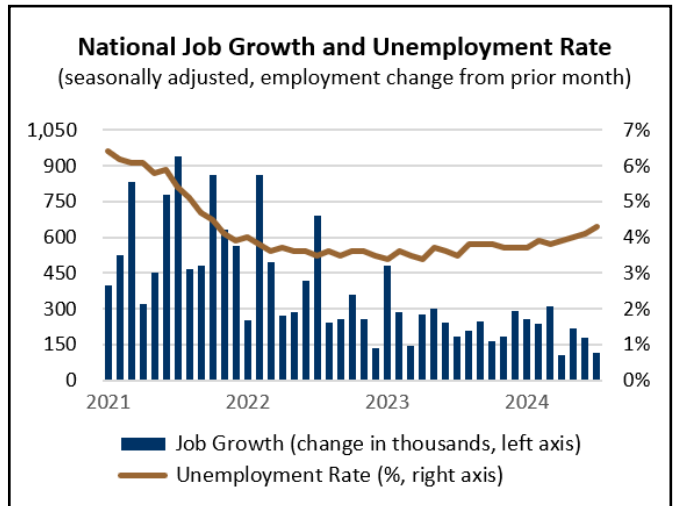
ISSUE HIGHLIGHTS:

- ❑ **National Employment:** Nationally, nonfarm payroll employment (jobs) seasonally adjusted grew by 114,000 in July from the prior month, the second lowest monthly gain in the past 12 months. (See Page 2)
- ❑ **National Economy:** In the second quarter of 2024, real GDP rose at an annual rate of 3.0 percent (second estimate). (See Page 6)
- ❑ **State and Regional Employment:** Virginia's nonfarm payroll employment (jobs) seasonally adjusted increased by 0.1 percent (4,800 jobs) in July from the previous month. The Richmond metro area's nonfarm payroll employment seasonally adjusted increased by 0.4 percent (2,700 jobs) in July from the previous month. (See Page 2)
- ❑ **Richmond Employment:** The unemployment rate (not seasonally adjusted) in Richmond city stood at 3.9 percent in July, which was 0.4 percentage point higher than last year's 3.5 percent rate. The Richmond metro area's unemployment rate (not seasonally adjusted) also rose by 0.4 percentage point to 3.4 percent from last year's 3.0 percent rate. (See Page 3)
- ❑ **Regional Housing Market:** Year-to-date (YTD) through July, single-family home sales in the region were down 1.3 percent from the same period last year, while condo/townhome sales were up 6.0 percent. In July, pending sales, a leading indicator of future sales, also rose from last year. (See Page 4)
- ❑ **Richmond Housing Market:** Single-family home and condo/townhome sales in Richmond rose 6.1 percent and 2.4 percent, respectively, YTD through July from the same period last year. Pending sales were also up for the month of July from the previous year. (See Page 4)
- ❑ **Local Sales Tax:** Through June, Richmond's sales tax revenue grew slightly by 0.2 percent from the same period last year. (See Page 5)

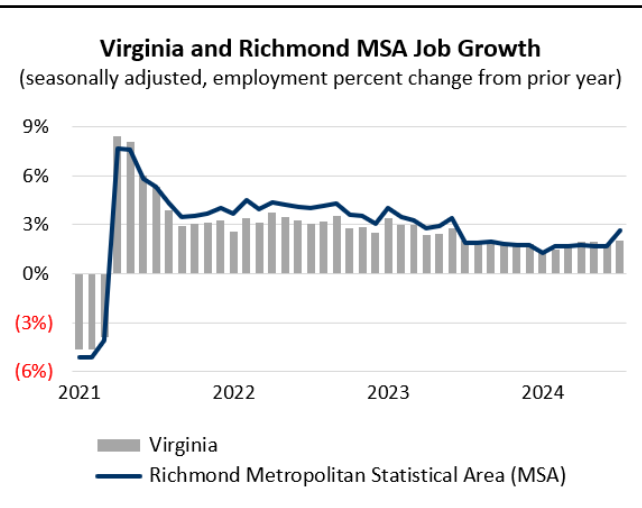
National Employment (M)

The Bureau of Labor Statistics (BLS) reported the nation's nonfarm payroll employment (seasonally adjusted) growth from last month slowed to 114,000 in July, while May and June growth were revised down by 2,000 and 27,000, respectively. BLS also reported the preliminary estimate of the annual benchmark revision shows March 2024 jobs being 818,000 less than first reported, another sign of slowing job growth. BLS will issue the final annual revision in February 2025. Also, the unemployment rate (seasonally adjusted) rose for the fourth straight month to 4.3 percent from 3.5 percent last year.

	June-24 ^R	July-24 ^P	Avg. YTD ^P	Total YTD ^P
Job Growth	179,000	114,000	203,000	1,419,000
Unemployment Rate	4.1%	4.3%	4.0%	n/a



State and Regional Employment (M)

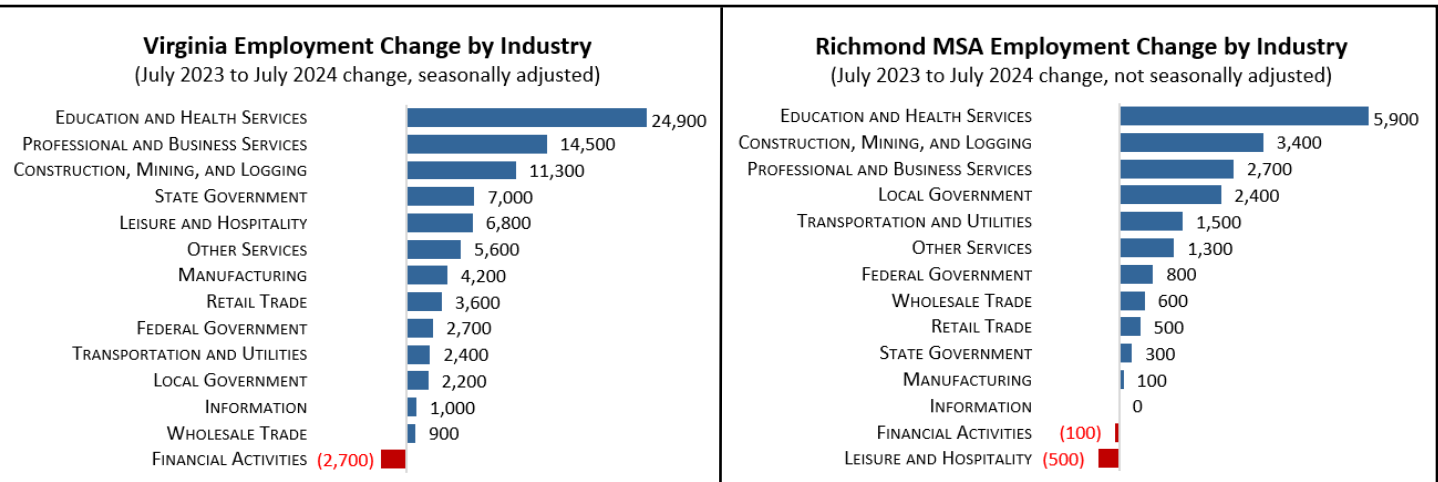


Virginia Works (VW) reported Virginia's nonfarm payroll employment (seasonally adjusted) rose 0.1 percent (4,800 jobs) in July from last month, while the Richmond MSA saw a 0.4 percent growth (2,700 jobs). Compared to last year, job growth in Virginia and Richmond MSA was 2.0 percent and 2.6 percent, respectively. On a *not* seasonally adjusted basis, Richmond MSA's nonfarm payroll employment rose 2.6 percent in July from last year. BLS reported this over-the-year percentage increase to be the 3rd largest in July among the 51 metro areas in the U.S. with a Census 2010 population of 1 million or more.

Job Growth by Area	June-24 ^R	July-24 ^P	Avg. YTD ^P	Total YTD ^P
Virginia	5,500	4,800	9,300	64,900
Richmond MSA	900	2,700	2,000	13,700

State and Regional Employment by Industry (M)

The following charts show the change in employment by industry from July 2023 to July 2024 in Virginia and in the Richmond MSA. The Virginia figures are seasonally adjusted. The Richmond MSA's figures are not seasonally adjusted, since seasonally adjusted employment by industry data are not available at the MSA level.

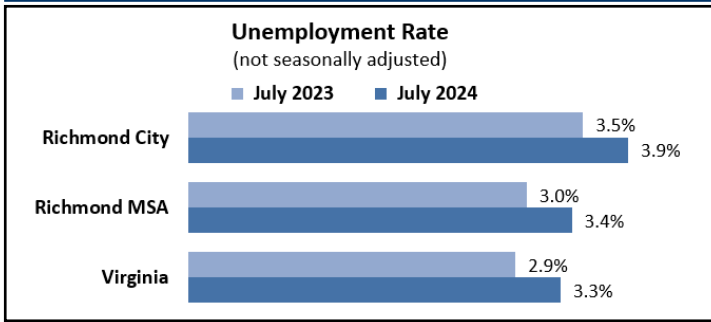


Source: Bureau of Labor Statistics and Virginia Works (Dept. of Workforce Development and Advancement)

Notes: R = Revised data. Avg. YTD = Average employment change year-to-date from January 2024 to current month of data.

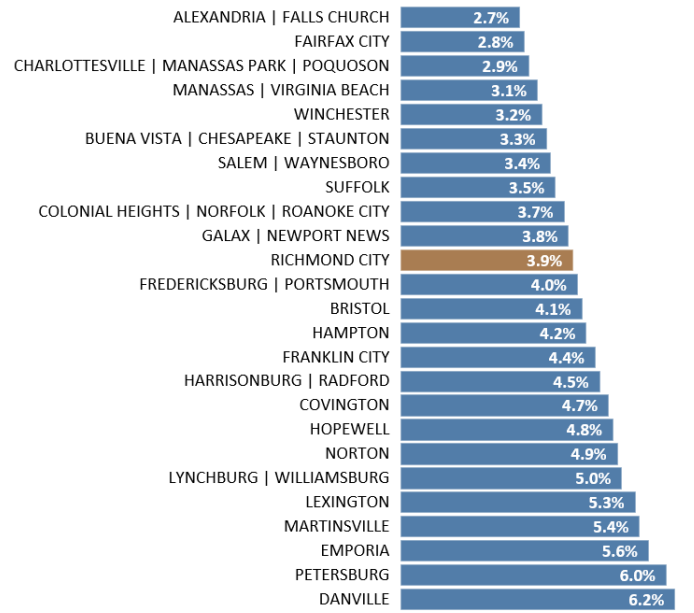
Total YTD = Total employment change year-to-date from January 2024 to current month of data.

Local Unemployment Rate (M)

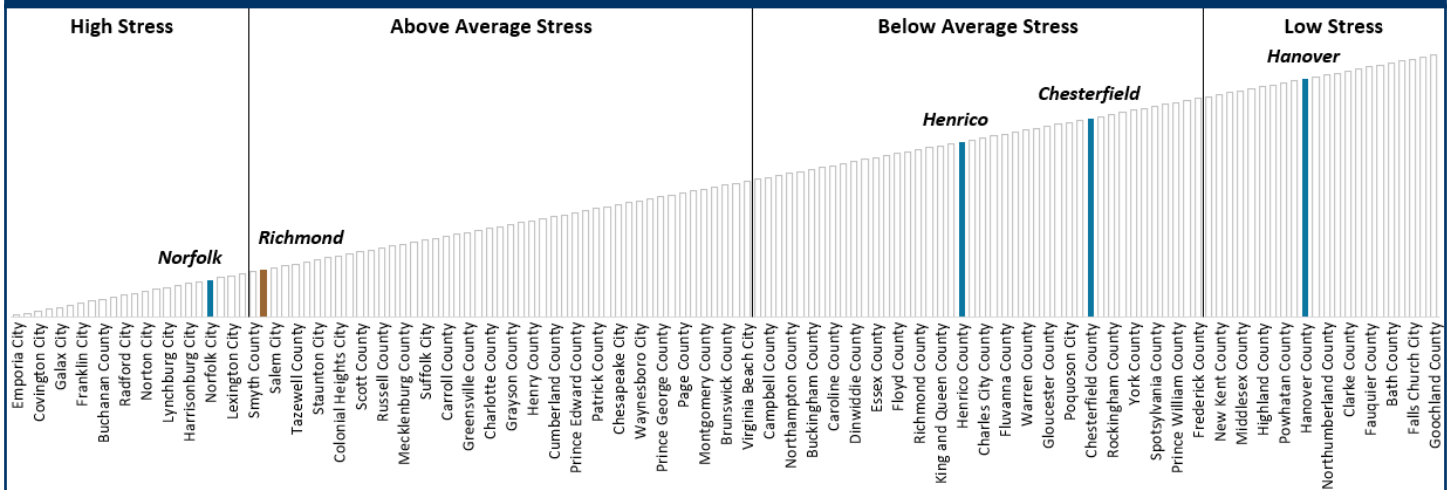


Virginia Works (VW) reported the unemployment rate (not seasonally adjusted) in July rose year-over-year in 127 of Virginia’s 133 cities and counties, declined in five, and was unchanged in one. In Richmond city, the unemployment rate (not seasonally adjusted) rose by 0.4 percentage point to 3.9 percent from 3.5 percent in July 2023. The same increase occurred in the Richmond metro area and Virginia’s *not* seasonally adjusted unemployment rate. Virginia’s seasonally adjusted rate rose 0.1 percentage point to 2.7 percent from 2.6 percent in July 2023.

Unemployment Rate of Virginia Cities (July 2024, not seasonally adjusted)



Fiscal Stress in Virginia’s Cities and Counties (A)



The Virginia Commission on Local Government recently issued the latest annual report on the fiscal condition of Virginia cities and counties, as illustrated by a fiscal stress index¹. Fiscal stress is a locality’s lack of revenue generating capacity that leads to either a shrinking budget or a gap between revenues and expenditures. The fiscal stress index has three components: (1) Revenue capacity per capita (theoretical ability of a locality to raise revenue); (2) Revenue effort (amount of the theoretical revenue capacity that the locality actually collects); and (3) Median household income. Fiscal stress is divided into four categories: (1) High; (2) Above average; (3) Below average; and (4) Low stress.

The report found cities are experiencing higher fiscal stress than counties. Of the 69 localities experiencing high or above average stress, 33 are cities (which represent 86.8 percent of cities) and 36 are counties (which represent 37.9 percent of counties). In contrast, of the 64 localities experiencing low or below average stress, only 5 are cities (13.2 percent) and 59 are counties (62.1 percent). Richmond (ranked 24th most fiscally stressed) was classified as having above average fiscal stress, while Hanover, Henrico, and Chesterfield counties have low or below average fiscal stress.

Source: Bureau of Labor Statistics, Virginia Works (Dept. of Workforce Development and Advancement), and Commission on Local Government (CLG) FY 2022 Report on Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia’s Cities and Counties .

¹The fiscal stress analysis includes 133 cities and counties and was based on FY 2022 financial data. For Emporia, Hopewell, Norton, and Petersburg cities, CLG used the most recent available audited financial data submitted to the Virginia Auditor of Public Accounts in their fiscal stress analysis.

Note: The names of some localities do not appear on the fiscal stress chart above due to size restrictions.

Local Housing Market (M)

Area	Closed Sales January - July		Pending Sales in July		Months Supply in July				
	2023	2024	2023	2024	2023	2024			
SINGLE-FAMILY HOMES									
Region ¹	7,926	7,826	↓	1,129	1,167	↑	1.5	1.8	↑
Richmond	1,277	1,355	↑	146	150	↑	1.2	1.4	↑
Chesterfield	2,424	2,444	↑	369	378	↑	1.5	1.8	↑
Hanover	684	641	↓	100	110	↑	2.3	2.5	↑
Henrico	1,608	1,547	↓	250	258	↑	0.9	1.2	↑
CONDO/TOWNHOMES									
Region ¹	1,467	1,555	↑	228	250	↑	1.7	2.1	↑
Richmond	205	210	↑	24	39	↑	2.1	3.3	↑
Chesterfield	475	552	↑	81	85	↑	1.9	1.9	↔
Hanover	75	78	↑	18	18	↔	1.8	3.7	↑
Henrico	630	635	↑	91	89	↓	1.3	1.7	↑

Median Sales Price of Single-Family Homes			% Change
	January - July 2023	January - July 2024	
Region	\$369,900	\$400,000	8.1%
Richmond	\$350,166	\$392,500	12.1%
Chesterfield	\$395,000	\$430,000	8.9%
Hanover	\$455,165	\$493,750	8.5%
Henrico	\$370,000	\$405,000	9.5%

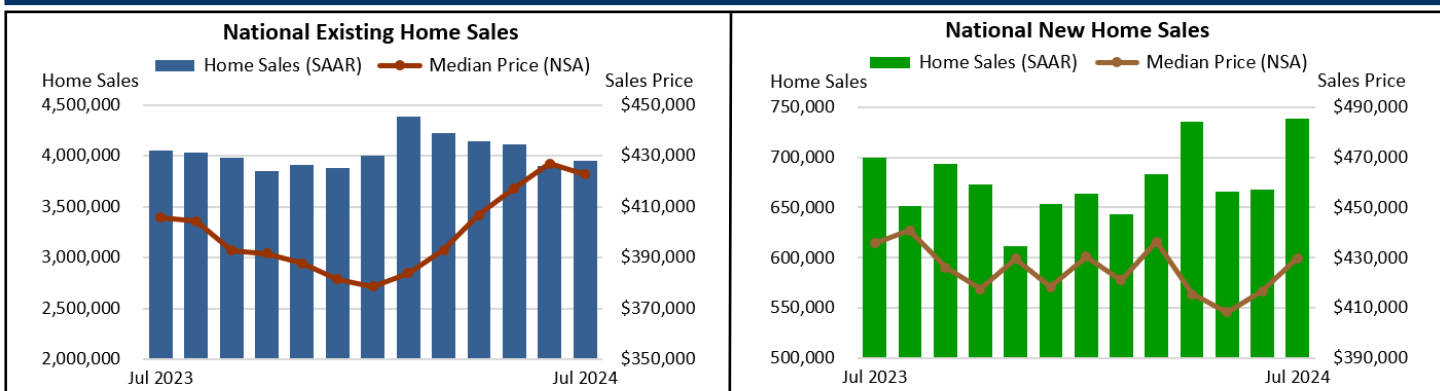
Median Sales Price of Condos/Townhomes			% Change
	January - July 2023	January - July 2024	
Region	\$344,060	\$370,380	7.6%
Richmond	\$329,000	\$343,500	4.4%
Chesterfield	\$347,990	\$375,000	7.8%
Hanover	\$345,000	\$390,000	13.0%
Henrico	\$349,263	\$373,015	6.8%

(1) Region consists of Amelia, Charles City, Chesterfield, Dinwiddie, Goochland, Hanover, Henrico, King & Queen, King William, New Kent, Powhatan, and Prince George counties and Colonial Heights, Hopewell, Petersburg, and Richmond cities.

Year-to-date (YTD) through July, the region's single-family home sales were down 1.3 percent from the same period last year. However, for the month of July alone, single-family home sales rose 5.0 percent year-over-year while pending sales, a leading indicator of future sales rose for the second straight month by 3.4 percent. Condo/townhome sales YTD in the region were up 6.0 percent, with pending sales in July up 9.6 percent. The region's inventory of single-family homes and condo/townhomes for sale remains tight at 1.8 and 2.1 months supply, respectively. In Richmond, single-family home and condo/townhome sales YTD were up 6.1 percent and 2.4 percent, respectively, from the same period last year, while pending sales of both single-family homes and condo/townhomes were also up year-over-year. However, Richmond's inventory of single-family homes for sale was tighter than the region at 1.4 months supply.

Home sale prices YTD continued to be above the same period last year. The median sales price of single-family homes YTD was up 8.1 percent and 12.1 percent in the region and in Richmond, respectively, while for condo/townhome sales, the median sales price YTD was up 7.6 percent and 4.4 percent in the region and in Richmond, respectively.

National Housing Market (M)



The National Association of Realtors (NAR) reported *existing* home sales (condo/townhomes included) rose 1.3 percent in July to a 3,950,000 seasonally adjusted annual rate (SAAR) from last month, after four straight monthly declines. However, pending sales, a leading indicator of future sales, were down in July by 5.5 percent from last month and 8.5 percent from last year. For *new* home sales (condos excluded), the Census Bureau reported sales picked up in July rising to 739,000 (SAAR), which was 10.6 percent above last month and 5.6 percent above last year. The inventory of homes for sale in July stood at a 4.0 and 7.5 months supply for *existing* and *new* homes, respectively, compared to a 4.1 and 8.4 months supply in June. Sale prices (not seasonally adjusted "NSA") were mixed. The median sales price of *existing* homes was up 4.2 percent from last year, while *new* homes saw a 1.4 percent decrease from last year.

Source: Central Virginia Regional Multiple Listing Services (CVR MLS), National Association of Realtors, and Census Bureau

Local Sales and Use Tax (M)

Sales tax revenue in Richmond for the month of June fell slightly by 0.5 percent year-over-year, the fourth straight month of decline. In comparison, Hanover also saw a decline, while Chesterfield and Henrico saw an increase. Through June to date, Richmond's sales tax revenue grew slightly by 0.2 percent from the same period last year.

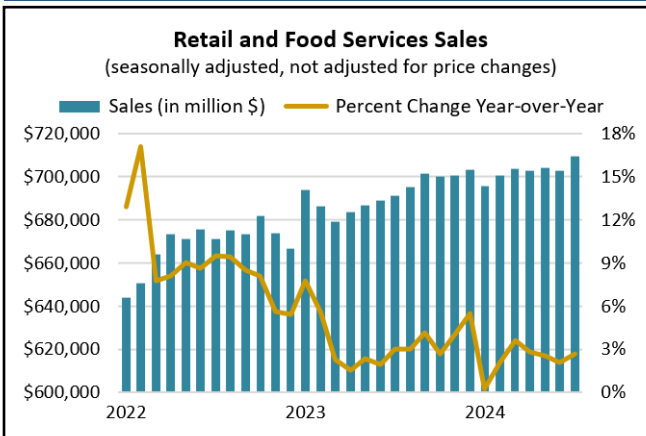
	Sales Tax YTD % Change			
	2021	2022	2023	2024
Richmond	10.1%	15.9%	8.5%	0.2%
Chesterfield	16.3%	6.1%	6.2%	4.0%
Hanover	15.1%	11.6%	6.2%	4.7%
Henrico	19.5%	11.0%	3.2%	3.1%

Sales Tax Revenue Year-to-Date (YTD) through June

	January - June 2023	January - June 2024	% Change
Richmond	\$25,551,978	\$25,594,091	0.2%
Chesterfield	\$35,801,721	\$37,235,248	4.0%
Hanover	\$16,959,681	\$17,764,007	4.7%
Henrico	\$44,574,123	\$45,976,353	3.1%

Source: Virginia Department of Taxation and Weldon Cooper Center for Public Service
Note: Sales tax revenues reflect timing of sales activity and not timing of collection.

National Retail and Food Services Sales (M)



	January - July YTD % Change			
	2021	2022	2023	2024
National Retail and Food Services Sales (NSA)	21.3%	9.9%	3.2%	2.9%

Source: Census Bureau

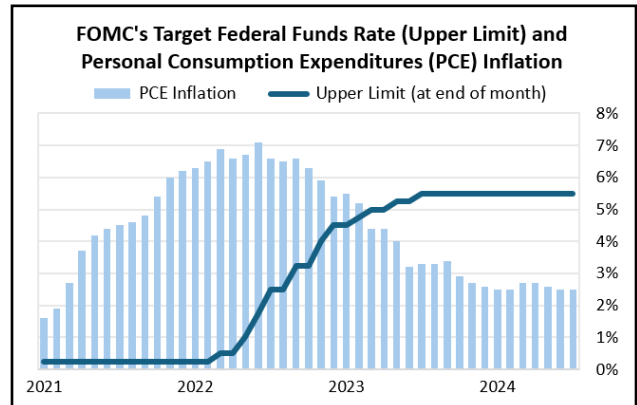
The Census Bureau reported national retail and food services sales (seasonally adjusted) in July rose 1.0 percent from June. Motor vehicle dealers accounted for over two-thirds of the monthly increase. Most major business categories also saw an increase, except: clothing and clothing accessories stores; department stores; sporting goods, hobby, musical instrument, and book stores; and miscellaneous store retailers. The Census Bureau also revised the monthly change in retail and food services in June from May to a decline of 0.2 percent from being virtually unchanged (0.0 percent) as first reported.

Compared to last year, retail and food services sales were up 2.7 percent, largely due to nonstore retailers, food services and drinking places, food and beverage stores, and general merchandise stores. Through July to date, sales (not seasonally adjusted "NSA") were up 2.9 percent from last year, down from last year's 3.2 percent increase over the same period.

Federal Funds Rate (M)

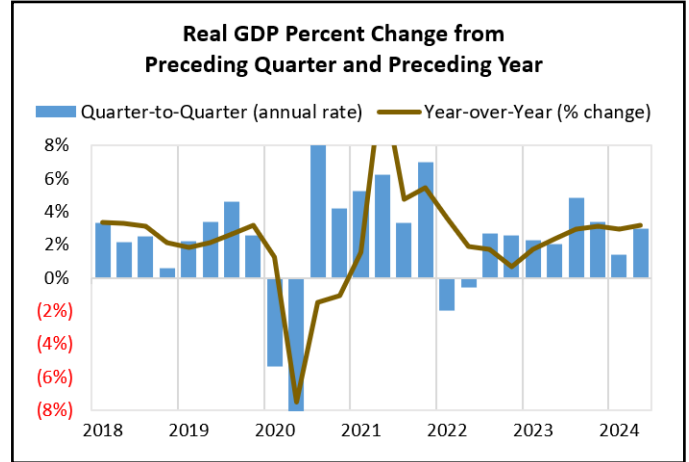
Since the Federal Open Market Committee (FOMC) did not meet in August, the target range for the federal funds rate remained at 5.25 to 5.50 percent. The next meeting of the FOMC will be held September 17-18, 2024. There is anticipation that a federal funds rate cut would likely occur at that meeting based on the economic data. At the Jackson Hole Economic Policy Symposium, Fed Chair Powell expressed greater confidence in inflation moving sustainably back to 2 percent and highlighted the labor market cooling considerably: "Overall, the economy continues to grow at a solid pace....The upside risks to inflation have diminished. And the downside risks to employment have increased. As we highlighted in our last FOMC statement, we are attentive to the risks to both sides of our dual mandate. The time has come for policy to adjust. The direction of travel is clear, and the timing and pace of rate cuts will depend on incoming data, the evolving outlook, and the balance of risks. We will do everything we can to support a strong labor market as we make further progress toward price stability. With an appropriate dialing back of policy restraint, there is good reason to think that the economy will get back to 2 percent inflation while maintaining a strong labor market".

Source: Board of Governors of the Federal Reserve System (speeches of Federal Reserve officials), and Bureau of Economic Analysis



Real Gross Domestic Product (M)

Real GDP is the value of all goods and services produced within the U.S., adjusted for inflation, and is the broadest measure of economic activity. The Bureau of Economic Analysis (BEA) reported real GDP grew at an annual rate of 3.0 percent (second estimate) in the second quarter of 2024, which was above the annual rate of 1.4 percent (third estimate) in the first quarter of 2024. Compared to the same quarter last year, real GDP grew 3.1 percent. BEA noted the second estimate is higher than the advance estimate of a 2.8 percent increase reported last month, primarily due to an upward revision to consumer spending. BEA also noted the second estimate is based on more complete source data than were available for the advance estimate.

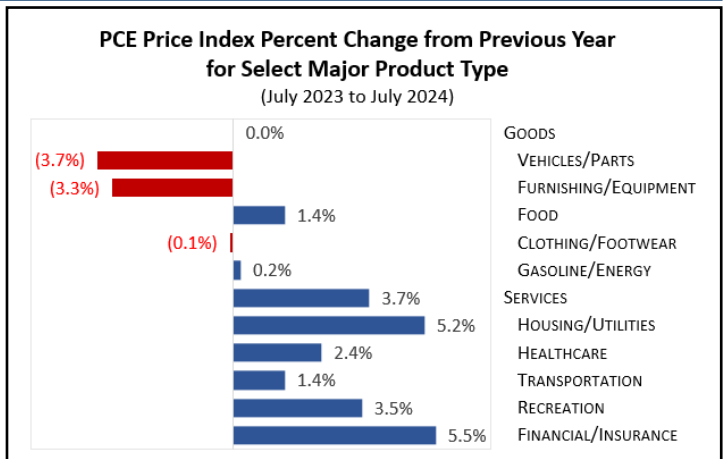
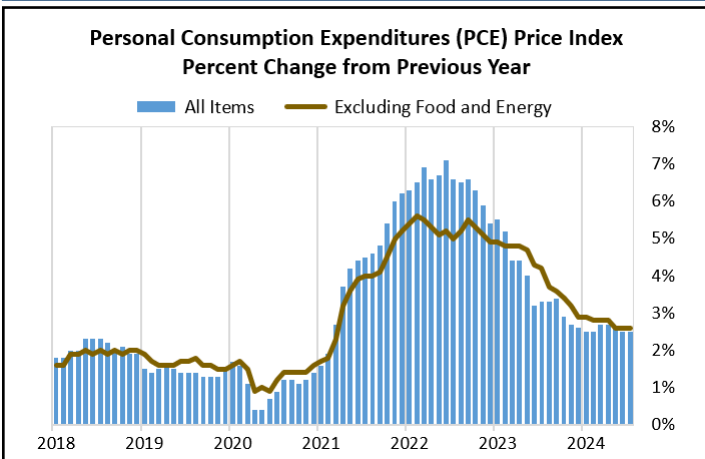


Real GDP growth accelerated in the second quarter of 2024 largely due to the following:

- **Consumer spending** increased at a 2.9 percent rate (revised up from the advance estimate of 2.3 percent) after increasing at a 1.5 percent rate in the first quarter, with a positive contribution from goods and services spending;
- **Business investment in equipment** grew by 10.8 percent (revised down from 11.6 percent advance estimate), which outpaced the 1.6 percent rate in the first quarter, while **business (nonfarm) investment in inventory** grew by \$40.1 billion (revised down from \$43 billion advance estimate) after the \$26.9 billion decline in the first quarter; and
- **Federal government spending** increased at a 3.3 percent rate (revised down from 3.9 percent advance estimate) after decreasing 0.2 percent in the first quarter.

Business investment in intellectual property products and state and local government spending also contributed positively to the growth in the second quarter, while business investment in nonresidential structures, residential investment, and net exports detracted from the growth.

Personal Consumption Expenditures (PCE) Price Index (M)



BEA reported the PCE price index, the Federal Reserve's (Fed) preferred measure of inflation, rose 2.5 percent in July from last year. Moreover, the increase in the PCE price index in the second quarter of 2024 was revised down to a 2.5 percent rate from the 2.6 percent rate in the advance estimate. In comparison, the PCE price index increased at a 3.4 percent rate in the first quarter. While PCE inflation is still above the Fed's 2 percent goal, it has been on a declining trend. The core PCE price index, which excludes food and energy, increased 2.6 percent in July from last year, the same as in the prior two months. For the second quarter of 2024, the core PCE price index increased at a 2.8 percent annual rate (revised down from the advance estimate of 2.9 percent), compared to a 3.7 percent rate in the first quarter. Among the major type of product, the goods price index in July was virtually unchanged from last year, while services saw a 3.7 percent increase year-over-year in July.