



CITY OF RICHMOND

ECONOMIC INDICATORS

JULY 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.

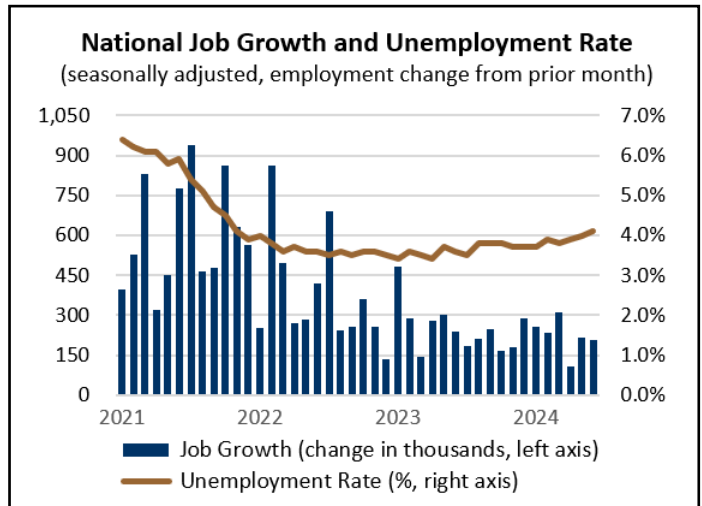
ISSUE HIGHLIGHTS:

- ❑ **National Employment:** Nationally, nonfarm payroll employment (jobs) seasonally adjusted grew by 206,000 in June from the prior month. (See Page 2)
- ❑ **National Economy:** In the second quarter of 2024, real GDP rose at an annual rate of 2.8 percent (advance estimate). (See Page 6)
- ❑ **State and Regional Employment:** Virginia's nonfarm payroll employment (jobs) seasonally adjusted increased by 0.4 percent (15,000 jobs) in June from the previous month. The Richmond metro area's nonfarm payroll employment seasonally adjusted increased by 0.2 percent (1,400 jobs) in June from the previous month. (See Page 2)
- ❑ **Richmond Employment:** The unemployment rate (not seasonally adjusted) in Richmond city stood at 3.5 percent in June, which was virtually unchanged from last year. In contrast, the Richmond metro area's unemployment rate (not seasonally adjusted) rose 0.1 percentage point to 3.1 percent from last year's 3.0 percent rate. (See Page 3)
- ❑ **Regional Housing Market:** Year-to-date (YTD) through June, single-family home sales in the region were down 2.5 percent from the same period last year, while condo/townhome sales were up 6.9 percent. In June, pending sales, a leading indicator of future sales, were up for single-family homes, while condo/townhome sales were down from last year. (See Page 4)
- ❑ **Richmond Housing Market:** Single-family home and condo/townhome sales in Richmond rose 3.3 percent and 10.2 percent, respectively, YTD through June from the same period last year. Pending sales were also up for the month of June from the previous year. (See Page 4)
- ❑ **Local Sales Tax:** Year-to-date through May, Richmond's sales tax revenue grew slightly by 0.3 percent from the same period last year. (See Page 5)

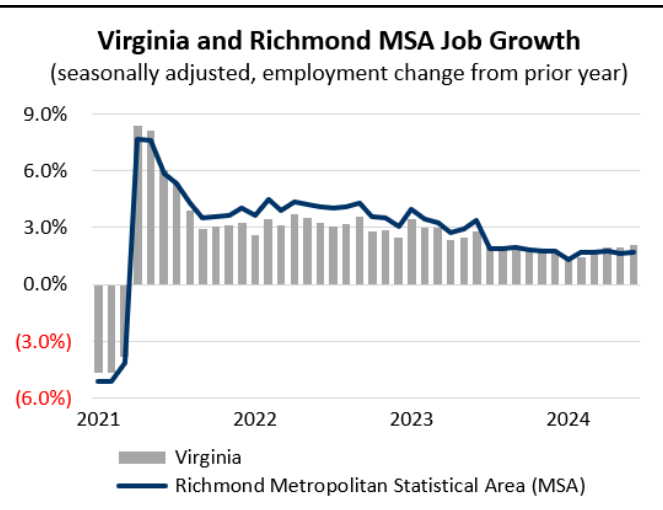
National Employment (M)

The Bureau of Labor Statistics (BLS) reported the nation's nonfarm payroll employment (seasonally adjusted) grew by 206,000 in June from last month. The majority of the growth were in healthcare and social assistance, state and local government, construction, and wholesale trade. Job growth in April and May were revised down by 57,000 and 54,000, respectively, bringing the average job growth per month year-to-date to 222,000. The unemployment rate (seasonally adjusted) rose for the third straight month to 4.1 percent, which was above last year's 3.6 percent rate.

	May-24 ^R	June-24	Avg. YTD	Total YTD
Job Growth	218,000	206,000	222,000	1,334,000
Unemployment Rate	4.0%	4.1%	3.9%	n/a



State and Regional Employment (M)

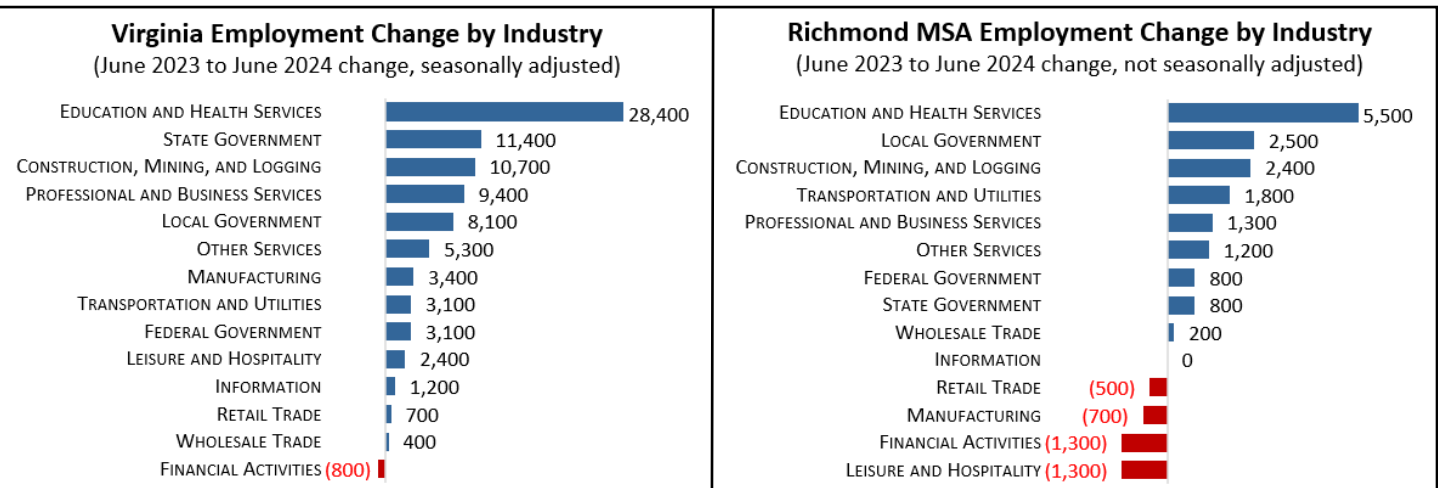


Virginia Works (VW) reported Virginia's nonfarm payroll employment (seasonally adjusted) grew 0.4 percent (15,000 jobs) in June from the previous month. In the Richmond metropolitan statistical area (MSA), nonfarm payroll employment (seasonally adjusted) grew 0.2 percent (1,400 jobs). Over the prior year, jobs in Virginia and in the Richmond MSA (seasonally adjusted) increased by 2.1 percent and 1.7 percent, respectively. Among the Virginia MSAs, Northern Virginia led the growth in number of jobs over the prior month and year, followed by Hampton Roads and Richmond.

Job Growth by Area	May-24 ^R	June-24	Avg. YTD	Total YTD
Virginia	9,200	15,000	11,600	69,600
Richmond MSA	1,300	1,400	1,900	11,500

State and Regional Employment by Industry (M)

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

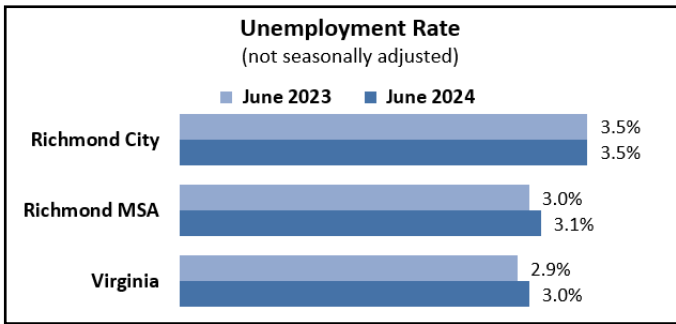


Source: Bureau of Labor Statistics and Virginia Works (Dept. of Workforce Development and Advancement)

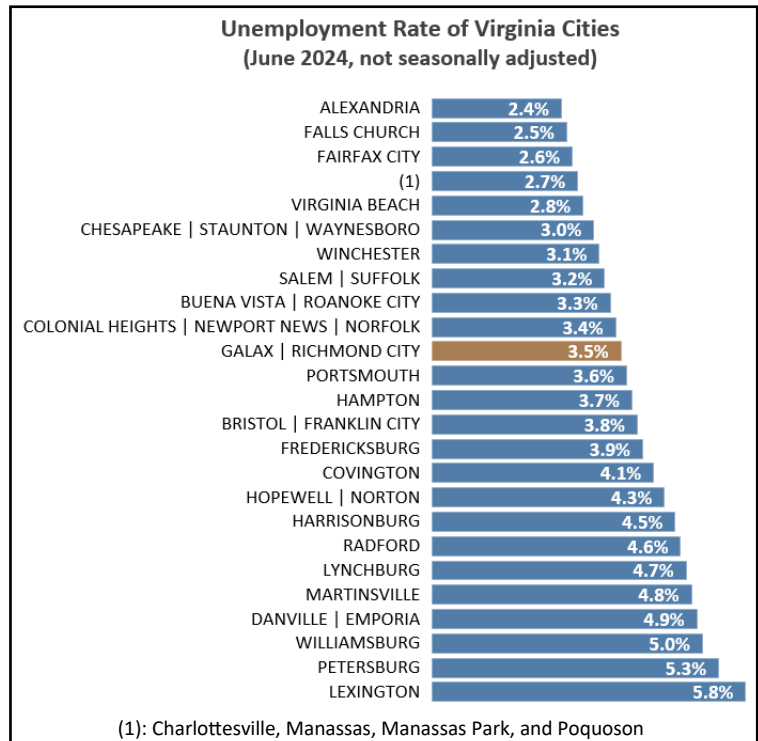
Notes: R = Revised data. Avg. YTD = Average employment change year-to-date from January 2024 to current month of data.

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 June rose year-over-year in 79 Virginia cities and counties, was unchanged in 34, and decreased in 20. For Richmond city, it was virtually unchanged from last year at 3.5 percent. In contrast, the Richmond metro area's unemployment rate rose 0.1 percentage point to 3.1 percent from last year's 3.0 percent rate, while Virginia's *not* seasonally adjusted rate also rose 0.1 percentage point to 3.0 percent. Likewise, Virginia's seasonally adjusted rate rose to 2.7 percent in June from 2.6 percent in June of last year.



Richmond City Migration 2021-2022 (A)

	Number of Tax Returns	Number of Individuals	Total Adjusted Gross Income (in thousands \$)
Inflow (in-migrants)	12,115	16,785	\$797,959
Outflow (out-migrants)	12,284	18,668	\$869,227
Net Migration	(169)	(1,883)	(\$71,268)
Non-migrant (residents)	76,897	128,058	\$8,770,508

The Internal Revenue Service (IRS) recently released the 2021-2022 migration data ("data") based on year-to-year address changes reported on individual income tax returns for Tax Year 2020 (received during calendar year 2021 and through June 2022 to account for processing delays due to COVID) and Tax Year 2021 (received in calendar year 2022).

Non-migrant returns are tax returns where the state and county/city matches in Tax Years 2020 and 2021, while migrant returns are tax returns where state and county/city do not match in Tax Years 2020 and 2021 or where state matches but county/city do not match. The data includes number of tax returns (which estimates households), number of individuals, and adjusted gross income (reported in thousands of dollars). During 2021-2022, tax returns moving out of Richmond were 1.4 percent (or 169) higher than tax returns moving in, which translated to a loss of 1,883 persons. Over half of the outflow and inflow were to areas in Virginia. For Richmond MSA alone, Chesterfield and Henrico combined accounted for approximately 85 percent and 87 percent of the inflow and outflow, respectively.

However, there are caveats to the data. For example, the data do not represent the full U.S. population because many individuals are not required to file an individual income tax return. Also, the address on the tax return may be a mailing address that may not reflect the actual residence. The 2021-2022 Migration Data Users Guide provides more detail.

Source: Bureau of Labor Statistics, Virginia Works (Dept. of Workforce Development and Advancement), and Internal Revenue Service Statistics of Income Division 2021-2022 Migration Data and 2021-2022 Migration Data Users Guide.

Note: ¹Delineation of Metropolitan Statistical Areas (MSA) and Combined Statistical Areas (CSA) based on Office of Management and Budget (OMB) Bulletin No. 23-01. Unnamed counties/cities identified only as being in Virginia or in a different state could not be delineated by MSA or CSA.

Richmond City's Top 10 Migration Areas 2021-2022

(by number of tax returns, percent of total in parenthesis)

Area ¹	By Origin	By Destination
	inflows	outflows
Richmond MSA	5,052 (41.7%)	6,862 (55.9%)
N. Virginia-DC-MD MSA	1,508 (12.4%)	839 (6.8%)
Hampton Roads MSA	706 (5.8%)	476 (3.9%)
Charlottesville MSA	241 (2.0%)	149 (1.2%)
All Other Virginia Areas	835 (6.9%)	694 (5.6%)
New York MSA	305 (2.5%)	212 (1.7%)
Raleigh-Durham CSA	135 (1.1%)	134 (1.1%)
Baltimore MSA	92 (0.8%)	Not in Top 10
Charlotte MSA	Not in Top 10	96 (0.8%)
Los Angeles MSA	85 (0.7%)	69 (0.6%)
Atlanta MSA	80 (0.7%)	82 (0.7%)
Top 10 Total	9,039 (74.6%)	9,613 (78.3%)

Local Housing Market (M)

Area	Closed Sales January - June		Pending Sales in June		Months Supply in June				
	2023	2024	2023	2024	2023	2024			
SINGLE-FAMILY HOMES									
Region ¹	6,732	6,564	↓	1,233	1,304	↑	1.4	1.6	↑
Richmond	1,099	1,135	↑	182	224	↑	1.1	1.1	↔
Chesterfield	2,040	2,048	↑	383	395	↑	1.3	1.6	↑
Hanover	603	510	↓	108	119	↑	2.3	2.5	↑
Henrico	1,355	1,304	↓	285	257	↓	0.9	1.0	↑
CONDO/TOWNHOMES									
Region ¹	1,225	1,310	↑	247	227	↓	1.8	2.0	↑
Richmond	157	173	↑	25	35	↑	2.2	3.1	↑
Chesterfield	389	484	↑	89	69	↓	2.0	2.1	↑
Hanover	67	62	↓	14	12	↓	2.1	3.5	↑
Henrico	539	520	↓	105	104	↓	1.5	1.4	↓

Median Sales Price of Single-Family Homes			% Change
	January - June 2023	January - June 2024	
Region	\$365,000	\$399,950	9.6%
Richmond	\$350,000	\$394,037	12.6%
Chesterfield	\$393,250	\$430,000	9.3%
Hanover	\$459,000	\$485,000	5.7%
Henrico	\$360,000	\$401,050	11.4%

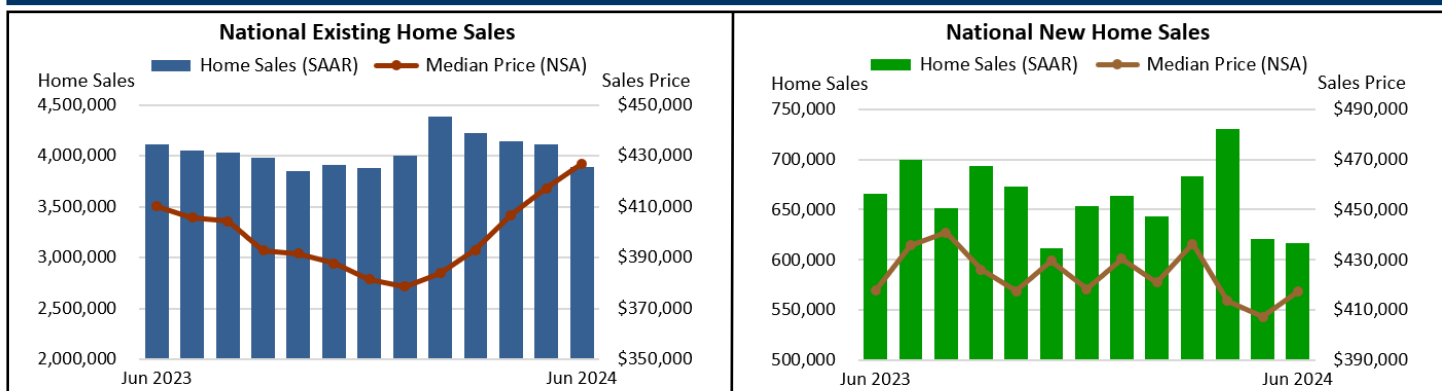
Median Sales Price of Condos/Townhomes			% Change
	January - June 2023	January - June 2024	
Region	\$340,000	\$368,000	8.2%
Richmond	\$310,000	\$340,000	9.7%
Chesterfield	\$345,000	\$374,365	8.5%
Hanover	\$345,000	\$385,000	11.6%
Henrico	\$345,795	\$365,250	5.6%

(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 June, single-family home sales in the region were down 2.5 percent from the same period last year. Pending sales, a leading indicator of future sales however, were up 5.8 percent in June. In contrast, condo/townhome sales were up 6.9 percent, while pending sales in June were down 8.1 percent. Moreover, the region's inventory of homes for sale increased slightly and remains tight in June at 1.6 and 2.0 months supply of inventory for single-family home and condo/townhomes, respectively. Unlike the region, single-family home and condo/townhome sales in Richmond were up 3.3 percent and 10.2 percent, respectively, from the same period last year. Pending sales of both single-family and condo/townhomes were also up in Richmond, although the inventory of single-family homes for sale was tighter than the region at 1.1 months supply which will likely be a constraint to its future sales.

Home sale prices continued to increase year-over-year YTD through June. The median sales price of single-family homes YTD rose 9.6 percent and 12.6 percent in the region and in Richmond, respectively, while for condo/townhome sales, the median sales price YTD was up 8.2 percent and 9.7 percent in the region and in Richmond, respectively.

National Housing Market (M)



Home sales nationally fell again in June from the prior month and last year. The National Association of Realtors (NAR) reported *existing* home sales (condo/townhomes included) fell 5.4 percent from last month and last year's 4,110,000 seasonally adjusted annual rate (SAAR) to 3,890,000 (SAAR). This was the fourth straight month-to-month decline. For *new* home sales (condos excluded), the Census Bureau reported sales in June fell 0.6 percent from last month and 7.4 percent from last year to 617,000 (SAAR). As sales activity declined, the inventory of homes for sale in June rose to a 4.1 and 9.3 months supply for *existing* and *new* homes, respectively. Sale prices (not seasonally adjusted "NSA") were mixed in June. The median sales price of *existing* homes was up 4.1 percent from last year from \$410,000 to \$426,900 (NSA), while *new* homes saw a slight decrease of 0.1 percent to \$417,300 from last year's \$417,600 (NSA).

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 May decreased by 3.6 percent from last year, the third straight month of decline year-over-year, while the neighboring counties of Chesterfield, Hanover, and Henrico saw an increase. Through May, Richmond’s sales tax revenue grew slightly by 0.3 percent from the same period last year.

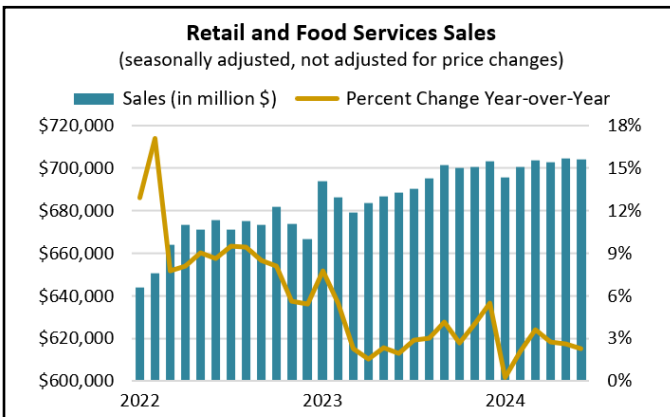
	Sales Tax YTD % Change			
	2021	2022	2023	2024
Richmond	9.6%	17.1%	8.2%	0.3%
Chesterfield	17.7%	6.7%	5.0%	4.4%
Hanover	15.3%	13.5%	4.9%	6.0%
Henrico	20.9%	11.8%	2.7%	3.5%

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

	January - May 2023	January - May 2024	% Change
Richmond	\$21,277,494	\$21,339,092	0.3%
Chesterfield	\$29,351,297	\$30,631,034	4.4%
Hanover	\$13,846,064	\$14,679,688	6.0%
Henrico	\$36,532,745	\$37,815,167	3.5%

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 - June YTD % Change			
	2021	2022	2023	2024
National Retail and Food Services Sales (NSA)	22.5%	10.3%	3.3%	2.8%

The Census Bureau reported national retail and food services sales (seasonally adjusted) in June were virtually unchanged from May. The monthly decline in sales largely from gas stations and motor vehicle dealers in June was offset by the monthly gain in sales from nonstore and other retailers and food services. The Census Bureau also revised the monthly increase in retail and food services in May from April upward to 0.3 percent from the initial estimate of 0.1 percent.

Compared to last year, retail and food services sales were up 2.3 percent, largely due to nonstore retailers, food services, and general merchandise, clothing, and food and beverage stores. Year-to-date (YTD) through June, retail and food services sales (not seasonally adjusted “NSA”) were up 2.8 percent from last year, which was below last year’s 3.3 percent increase YTD over the same period.

Federal Funds Rate (M)

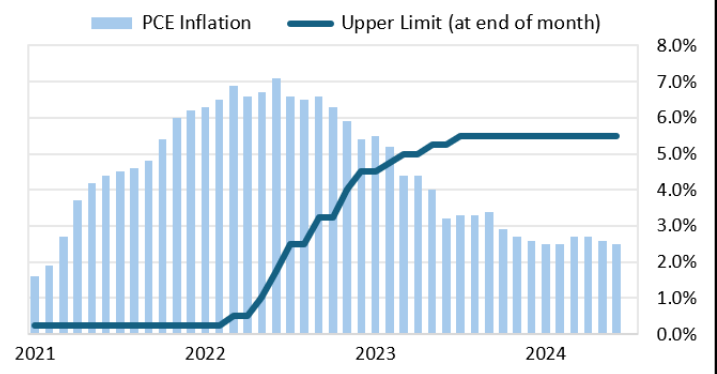
At its July meeting, the Federal Open Market Committee (FOMC) decided to maintain the target range for the federal funds rate at 5.25 to 5.50 percent, which has been in place since July 2023. To get there, the target range for the federal funds rate was raised 11 times and was first raised in March 2022 “against the backdrop of an extremely tight labor market and high inflation,” as the economy was described then by Fed Chair Powell.

At the press conference following the July meeting, the Fed Chair indicated the “conditions in the labor market have returned to about where they stood on the eve of the pandemic—strong but not overheated” and “inflation has eased notably over the past two years but remains somewhat above our longer-run goal of 2 percent.”

While not committing to a definite timeline for a rate cut, the Fed Chair did indicate that “the broad sense of the Committee is that the economy is moving closer to the point at which it will be appropriate to reduce our policy rate.”

Source: Census Bureau, Board of Governors of the Federal Reserve System (monetary policy tools open market operations website and transcripts of Fed Chair FOMC press conference on March 16, 2022 and July 31, 2024), and Bureau of Economic Analysis

FOMC's Target Federal Funds Rate (Upper Limit) and Personal Consumption Expenditures (PCE) Inflation



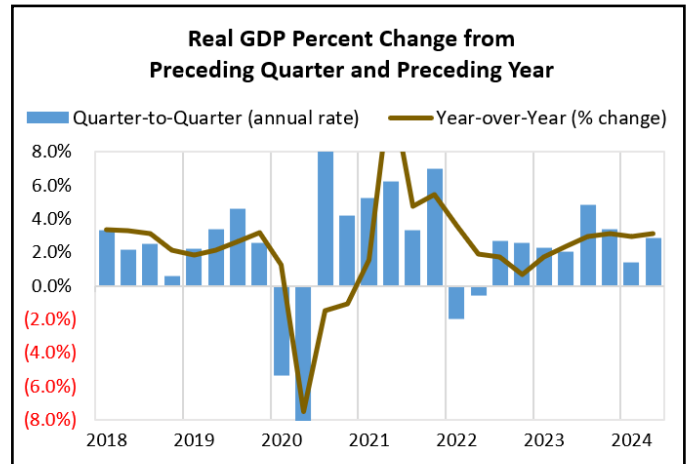
Real Gross Domestic Product (M)

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 2.8 percent (advance 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 cautioned that the advance estimate is based on source data that are incomplete or subject to further revision.

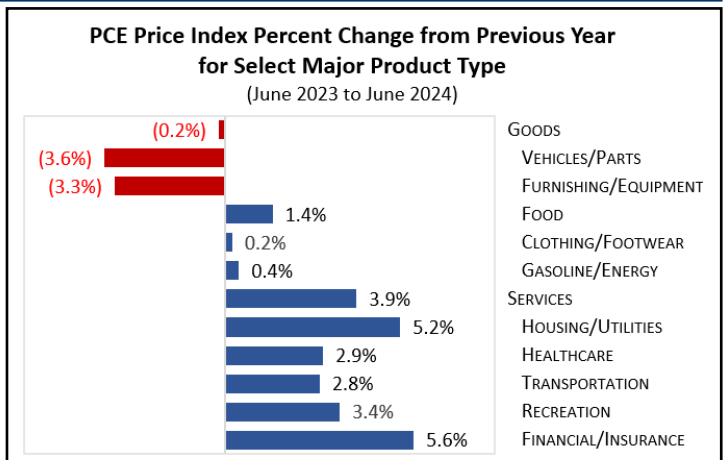
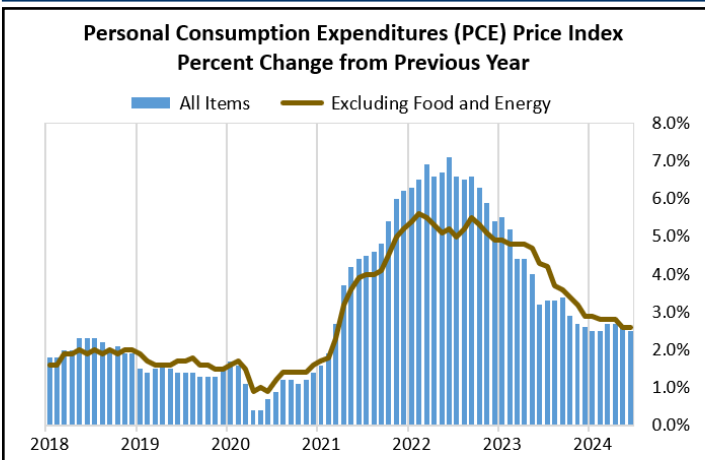
Real GDP growth accelerated in the second quarter of 2024 largely due to the following:

- **Consumer spending** increased at a 2.3 percent rate after increasing at a 1.5 percent rate in the first quarter, with spending on both goods and services contributing positively to the growth;
- **Business investment in equipment** grew by 11.6 percent, which outpaced the 1.6 percent rate in the first quarter, while **business (nonfarm) investment in inventory** grew by \$43 billion after declining by \$26.9 billion in the first quarter; and
- **Federal government spending** increased at a 3.9 percent rate 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 June from last year, which was below the year-over-year increase in the past three months. For the second quarter of 2024, the PCE price index increased at a 2.6 percent annual rate, after rising at a 3.4 percent rate in the first quarter. While PCE inflation decelerated in the second quarter, it is still above the Fed's 2 percent goal. The core PCE price index, which excludes food and energy, increased 2.6 percent in June from last year, same as in the previous month. For the second quarter of 2024, the core PCE price index increased at a 2.9 percent annual rate, below the 3.7 percent rate in the first quarter.

Among the major type of product, the goods price index in June fell year-over-year by 0.2 percent, which was the second straight month of decline, while services saw a 3.9 percent increase year-over-year, with housing and utilities and financial services and insurance rising faster. For the second quarter of 2024, the goods price index rose at a 0.7 percent annual rate after decreasing at a 0.5 percent rate in the first quarter. In contrast, services inflation decelerated to a 3.6 percent annual rate in the second quarter of 2024 from first quarter's 5.4 percent rate.