



CITY OF NAPA: INDICATORS CITY COUNCIL PRESENTATION

NAPA, CA

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Federal Reserve Philadelphia

Forecast, Survey of Professional Forecasters

These data are from February 2022



	Real GDP (%)		Unemployment Rate (%)		Core PCE Inflation (%)	
	Previous	New	Previous	New	Previous	New
Quarterly						
2022:Q1	3.9	1.8	4.3	3.9	2.5	4.3
2022:Q2	3.0	4.2	4.1	3.7	2.4	3.1
2022:Q3	3.1	3.0	3.9	3.6	2.3	2.5
2022:Q4	3.1	2.9	3.9	3.5	2.1	2.3
2023:Q1	N/A	2.8	N/A	3.4	N/A	2.3
Annual data (projections based on annual-average levels):						
2022	3.9	3.7	4.1	3.7	2.3	3.1
2023	2.6	2.7	3.6	3.4	2.1	2.2
2024	2.3	2.3	3.7	3.6	N/A	2.2
2025	N/A	2.3	N/A	3.7	N/A	N.A.

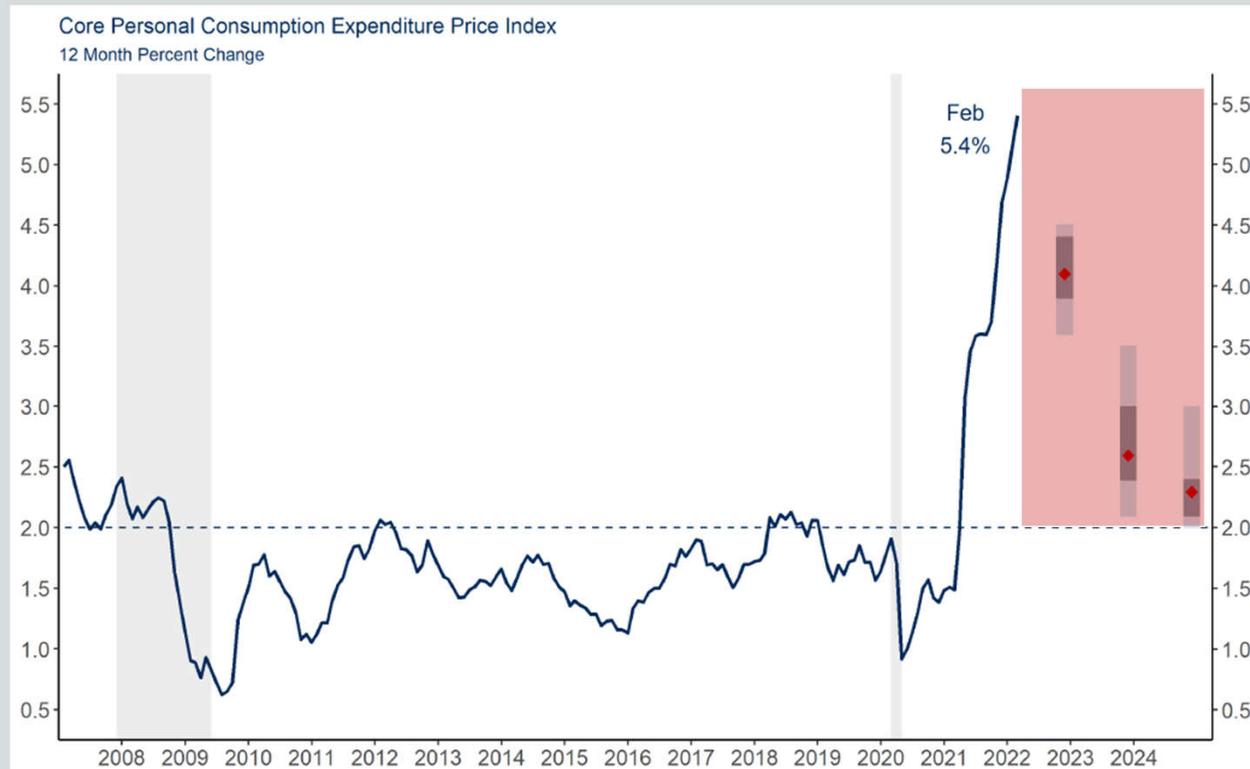
Source: Federal Reserve Philadelphia Branch

Inflation: The Latest and Thinking Forward

Shaded Area = Recession, 2007 to 2025, CPI



Core Personal Consumption Expenditure Price Index



Notes: FOMC projection is the median, range, and central tendency for Q4/Q4 percent changes, from the March 2022 meeting. Red dots indicate median projections. Core PCE Price Index excludes expenditures on gasoline and food services.

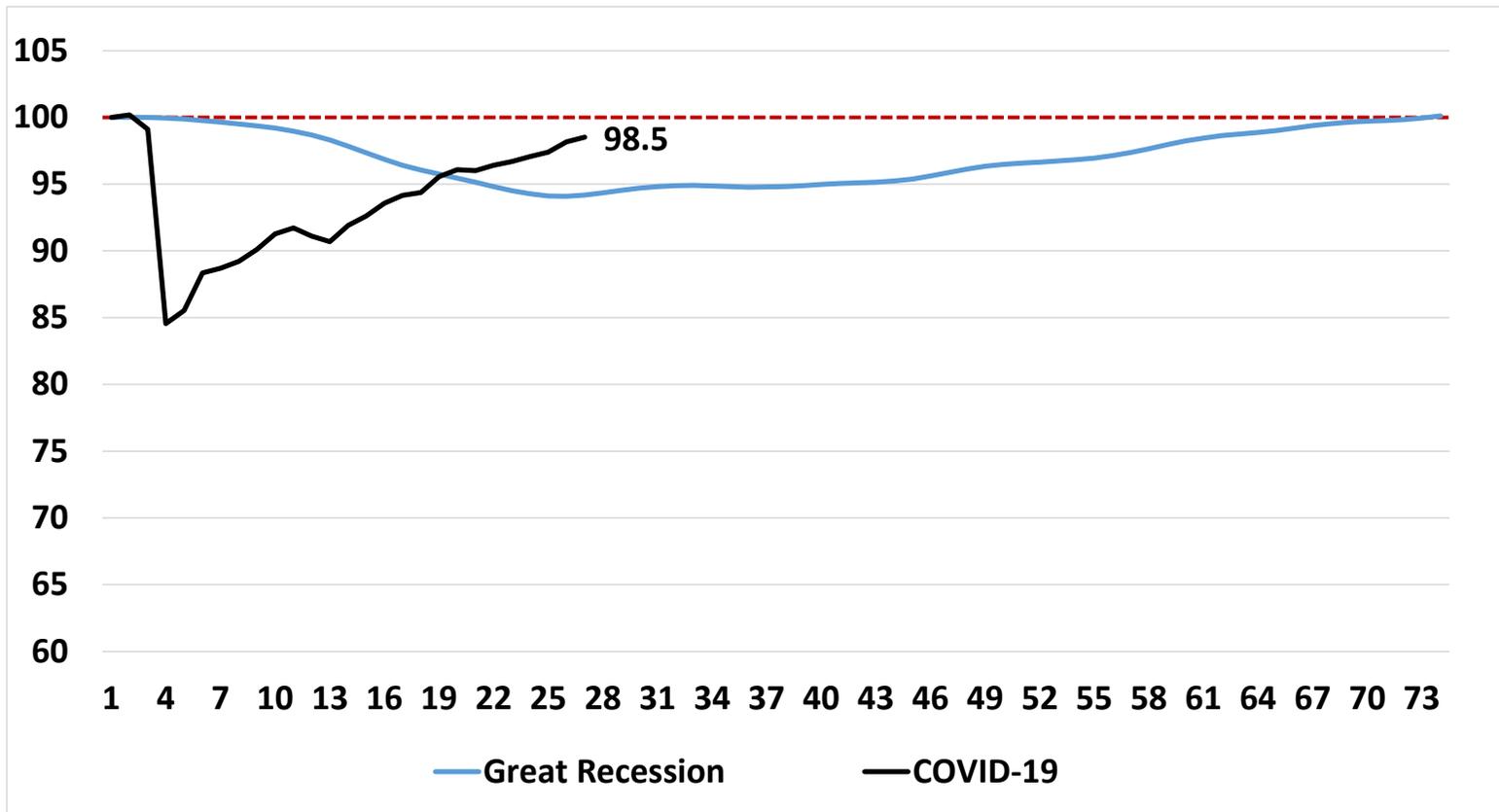


Inflation stable when demand is rising and supply is rising in tandem

- Changes in interest rates from here a question
- Eastern Europe has made this supply-side recovery more complex
- Affects low-wage workers more each month this continues

Sources: Federal Reserve, Richmond, Pink-Shaded Area = Forecast to 2025

Employment Recovery Comparison, California, Great Recession and COVID-19 Recession, Months from Peak Employment, Index Nov 2007 and Jan 2020 = 100, to February 2022



These data show are the same idea as the last slide, but for California.

The Great Recession in California took 72 months to recover the lost volume of workers.

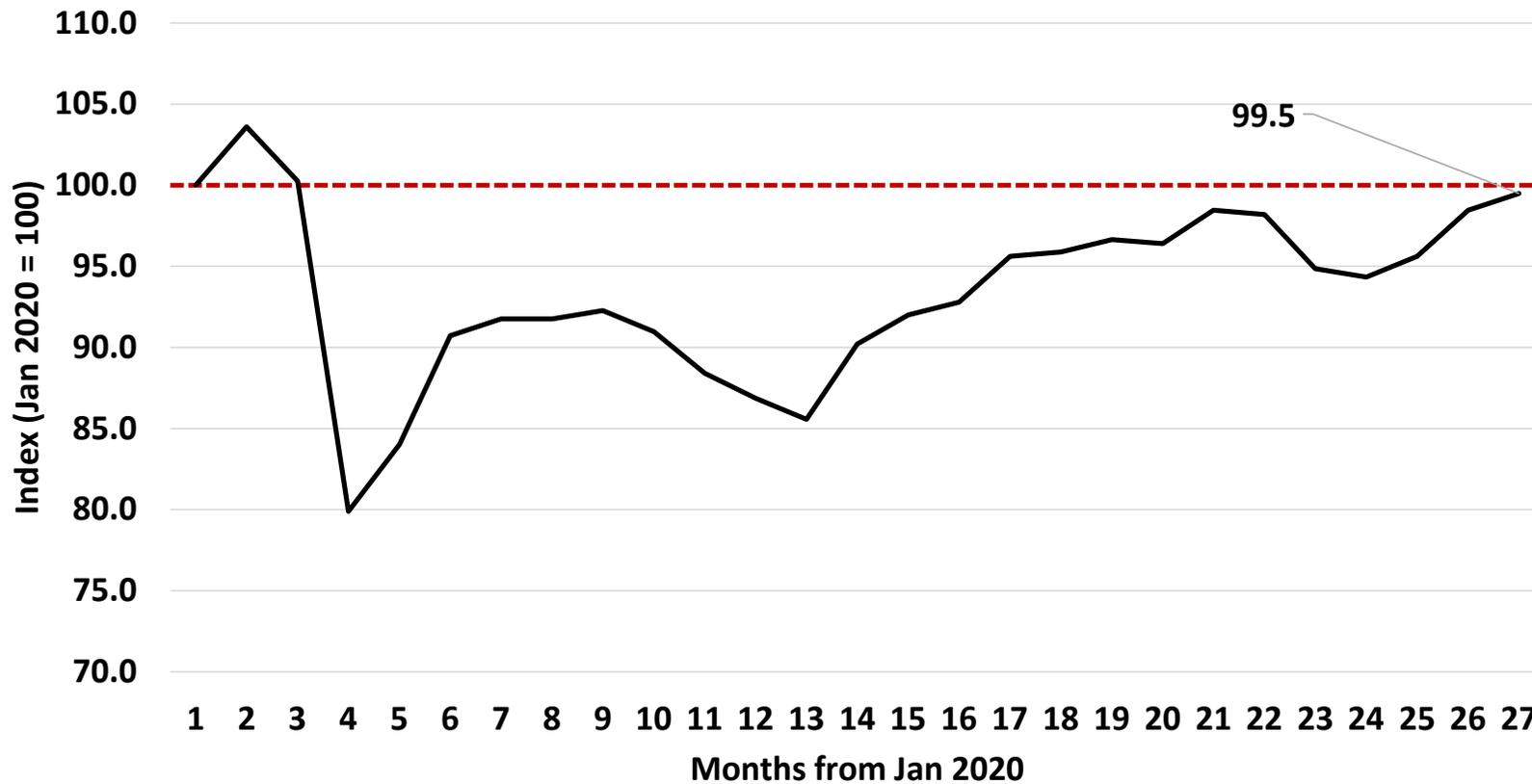
As of March 2022, CA back to 98.5% of Jan 2020 level of employed residents.

Recovery is movement of black line back to red dotted line.

Source: California EDD and EFA



Tracking Labor Market Recovery: City of Napa Residents Great Recession and in COVID-19 Recession to February 2022, Index Nov 2007 and Jan 2020 = 100



These data show the evolution of the Great Recession versus COVID-19 jobs recovery from the peak month of pre-recession jobs levels.

The COVID-19 recovery for city residents has gained more momentum since Dec 2020 and especially March 2021. As of February 2022, the City of Napa residents that were working at pre-pandemic levels in the aggregate again.

Recovery is movement of black line back to red dotted line.

We need to watch for how the jobs Napa residents work have shifted from some sectors to others.

Source: California EDD and EFA

Major LF Data Comparisons, March 2022 Compared to Jan 2020, City of Napa, Napa County Residents and CA



Category	Change City of Napa	% Change/ U Rate	Change Napa County	% Change/ U Rate	Change California	% Change/ U Rate
Civilian Labor Force	-400	-0.9%	-800	-1.1%	-414,100	-2.1%
Civilian Employment	-200	-0.5%	-400	-0.6%	-547,200	-2.9%
Unemployment Rate		3.6%		3.4%		4.9%

The City of Napa's labor market continues to improve, with the City's residents now back to the same labor-force level and beyond as pre-pandemic.

We are comparing to Jan 2020 in terms of data about "change".

California's unemployment rate remains among the nation's highest for the 50 states.

Overnight Stay Evolution: February 2020 and February 2022, Percent of Available Rooms (Occ Rate) and Revenue per Available Room (RevPAR), Napa and Selected counties



County	Occ Rate		RevPAR	
	Feb 2022	Feb 2020	Feb 2022	Feb 2020
Napa County	55.6	64.5	\$ 206.98	\$ 173.56
Marin County	60.9	70.8	\$ 88.01	\$ 51.72
San Francisco	56.0	70.5	\$ 102.29	\$ 107.25
Sonoma County	42.3	76.6	\$ 78.10	\$ 35.88

Napa County/City of Napa has continued to recover demand and business revenue from overnight stays

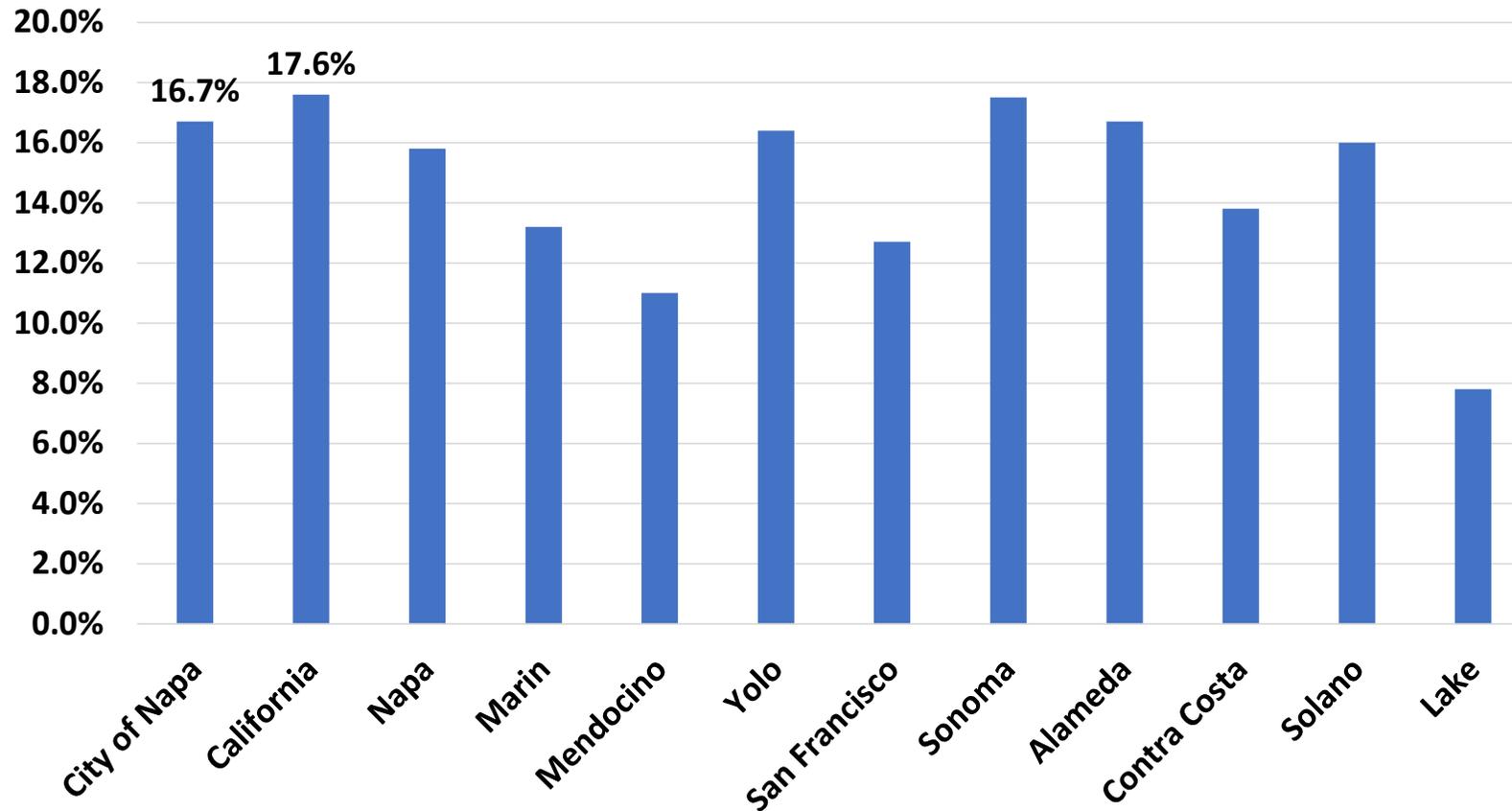
Notice San Francisco is still relatively low versus February 2020.

These rates are TOT drivers; the higher the occupancy rates, the more TOT, especially if hotel prices are rising simultaneously.

More overnight stays accelerate tourism spending versus day visitors.



Housing Price Forecast, February 2022 to February 2023, % Change, City of Napa, Selected Counties and California



The City of Napa’s housing market drives Napa County; the forecast in Oct 2021 to Oct 2022 remains strong.

We should expect prices and forecasts to continue flattening in 2022.

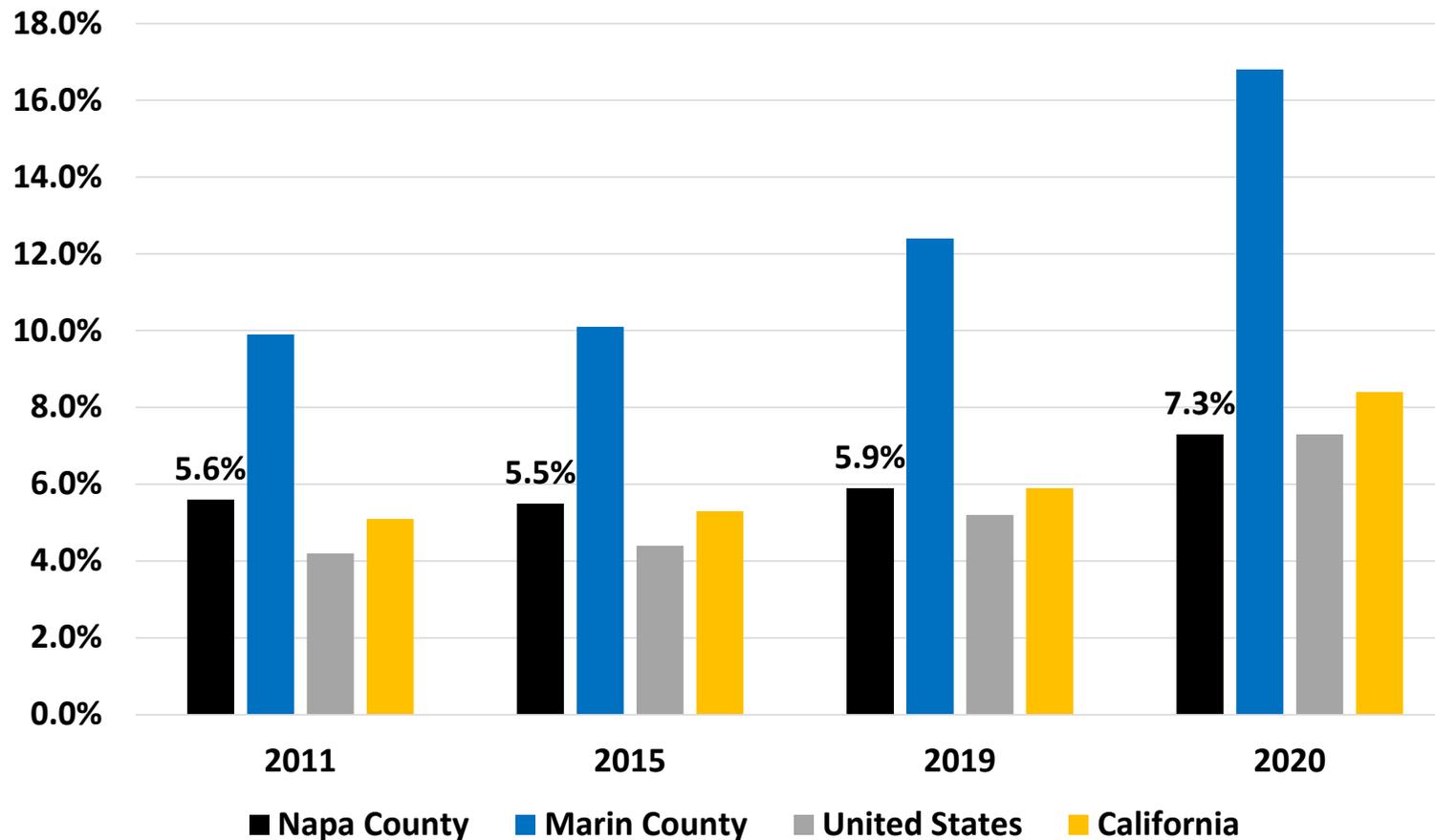
While interest rates may remain historically low, we should expect the Federal Reserve to increase rates by 0.25% – 0.50% in 2022 and thus marginally reduce demand for home purchases.

Source: Zillow™ Research and EFA



Work from Home: New Census Data

% of Working Residents, 2011 to 2020, 5-Year Averages



Napa County saw a jump in the proportion of working residents working from home in 2020, but not as much as Marin County (which ranks #1 in California among the 58 counties for % of working residents working from home).

Source: Census Bureau and EFA, March 2022

City of Napa: things to watch

- City of Napa, April 2022
 - City of Napa continues to recover
 - Local labor markets may be held up by lack of workers and rising gas prices
- Jobs and Economic Recovery in City of Napa and Napa County
 - Napa County bucking trends on leisure and hospitality hiring (rising faster than state)
 - Construction/housing and labor force 2025 the next focus
- Macroeconomic forecasts have been slightly reduced
 - Inflation expectations remain high
 - Eastern Europe may shift international travel in summer 2022 to regional to Napa



Thanks!
Questions?
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