ATTACHMENT 1

CITY OF NAPA: DASHBOARD CITY COUNCIL PRESENTATION

NAPA, CA MARCH 2023

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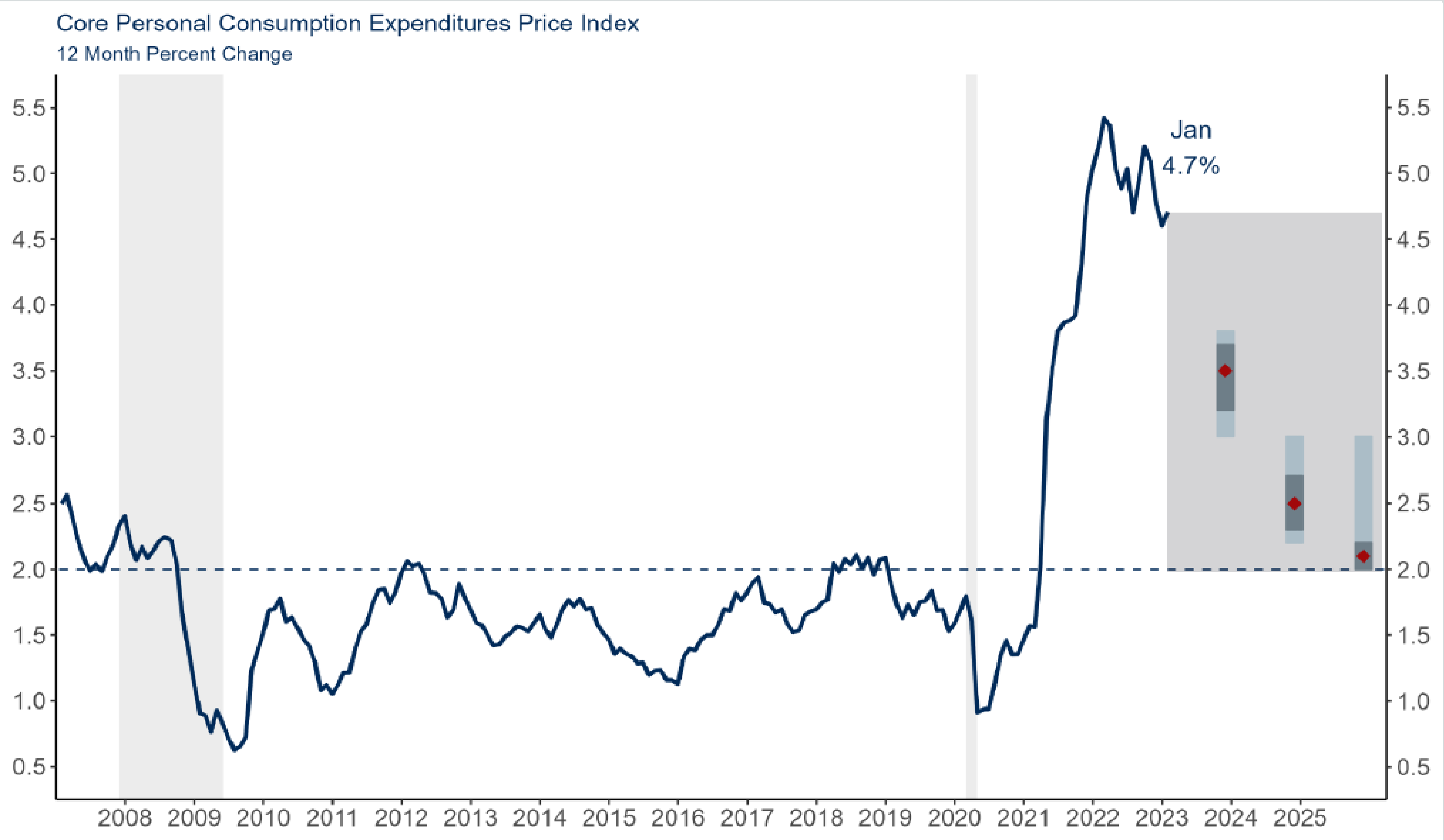
How the FED fares: Inflation on the Mend?

EFA Economic Forensics & Analytics

Core Personal Consumption Expenditure Price Index



FEDERAL RESERVE BANK OF RICHMOND
Richmond • Baltimore • Charlotte

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

Source: Bureau of Economic Analysis & Board of Governors via Haver Analytics 4

What's Next?

- Confusing inflation signals means rates more likely to stay put
- Housing markets to give back gains (think 10-15% in 2023)
- Job losses slowly coming, expect more

Federal Reserve Philadelphia Forecast, Survey of Professional Forecasters

These data are from February 2023
For US Economy

	Real GDP (%)		Unemployment Rate (%)		Core PCE Inflation (%)	
Annual data (projections based on annual-average levels):						
	Previous	New	Previous	New	Previous	New
2023	0.7	1.3	4.2	3.8	3.0	3.0
2024	1.8	1.4	4.3	4.2	2.4	2.3
2025	2.2	2.2	4.2	4.2	N/A	2.1
2026	N/A	1.5	N/A	4.1	N/A	N/A

Source: Federal Reserve Philadelphia Branch

Napa at a Glance: end of Q4 2022

EFA
Economic Forensics & Analytics

CITY OF NAPA

Economic Development Dashboard

These key indicators gauge the City of Napa's economic performance and are updated on a quarterly basis as needed

CITY OF NAPA ECONOMIC DEVELOPMENT

The City's Economy at a Glance

$353
Hotel Average Daily Rate (Dec 2022)

44.5%
Hotel Occupancy Rate (Dec 2022)

+4.5%
Hotel Occupancy Rate past year difference (2021-22)

+22.6%
Hotel Occupancy Rate past 2 year difference (2020-22)

$6.67 Billion
Napa County's Gross Regional Product Economic Output in 2021

+3.8%
City of Napa Taxable Sales Percent Increase (2021 Q3 to 2022 Q3)

+6.2%
Napa County Taxable Sales Percent Increase (2021 Q3 to 2022 Q3)

+7.0%
California Taxable Sales Percent Increase (2021 Q3 to 2022 Q3)

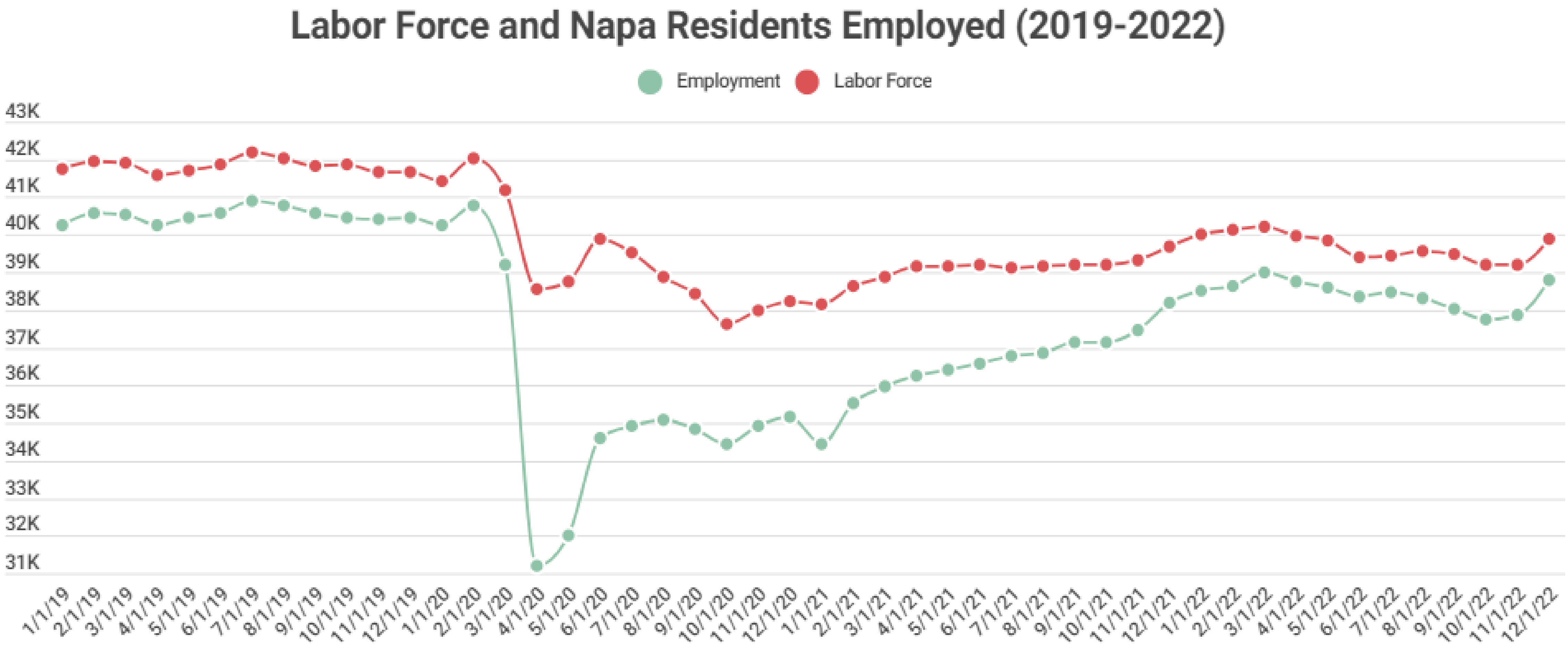
$843,210
Median home price within the City as of Jan 2023 (Zillow Research)

+2.4%
City of Napa one year home price growth rate (Jan 2022-Jan 23)

+13.9%
City of Napa two year home price growth rate (Jan 2021-Jan 23)

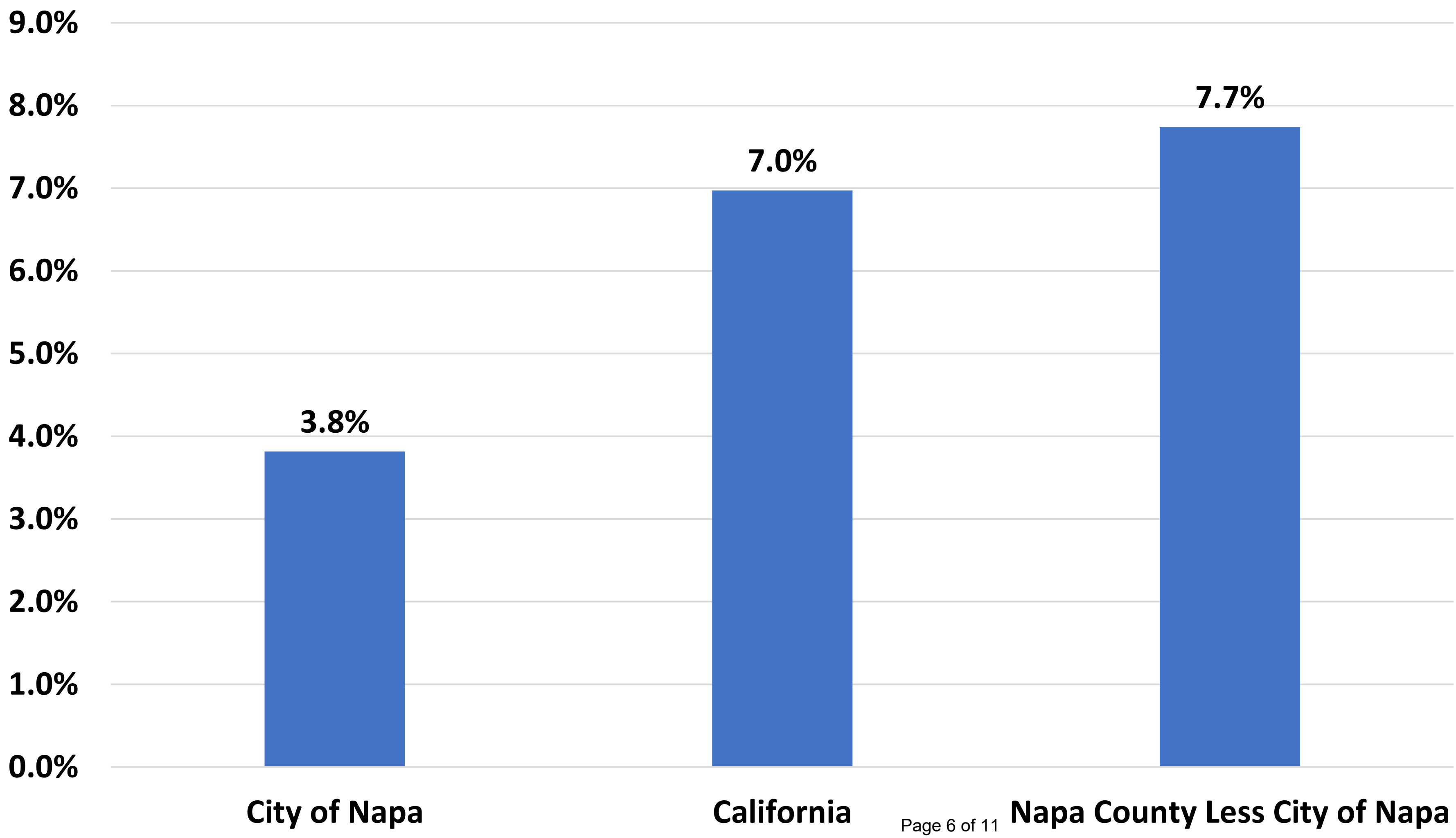
-2.6%
City of Napa Housing Market Forecast (% change in median home price) to Jan 2024

Employment Trends: City Residents Working or Looking for Work, 2019-2022



Source: California EDD and Bureau of Labor Statistics. Seasonally adjusted.

Taxable Sales % Change, Q3 2022 from Q3 2021
City of Napa, Napa County (outside City of Napa), California

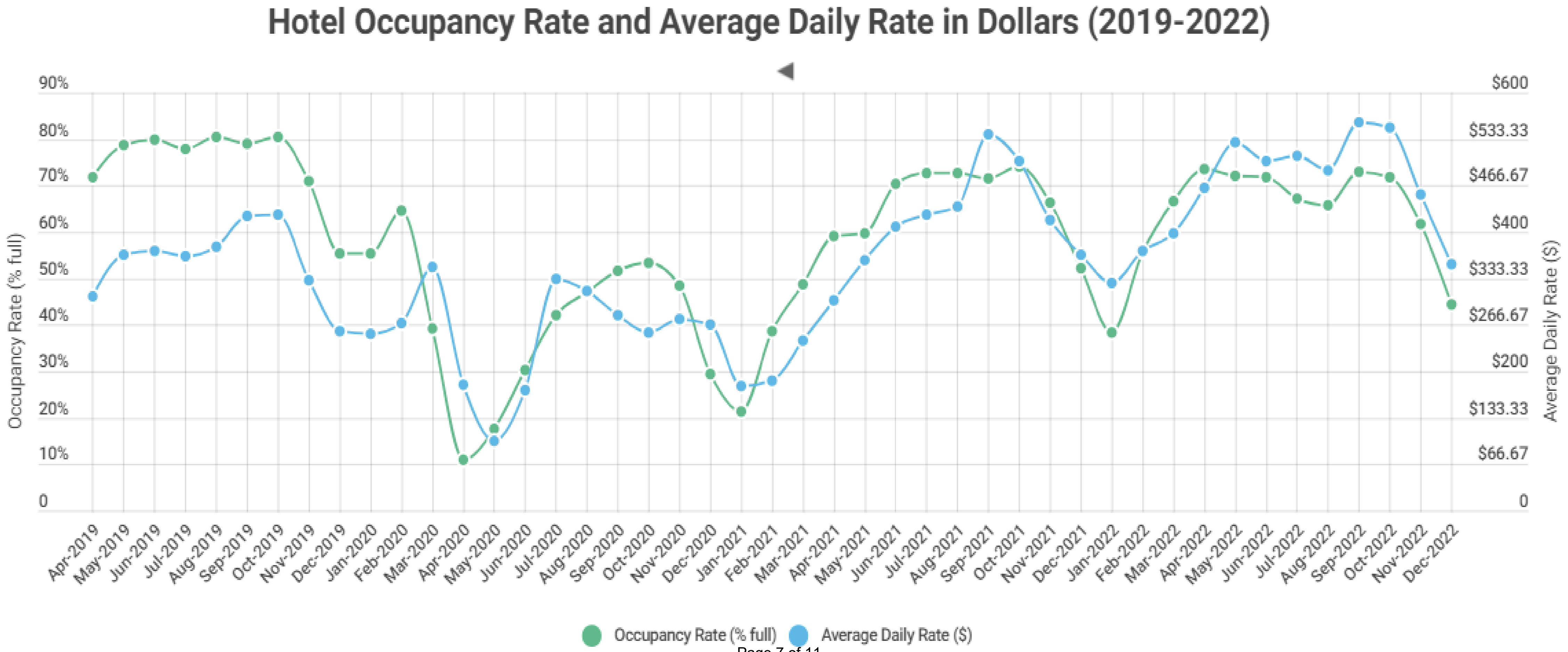


Some tradeoffs here:

1. Taxable sales are up but some of this driven by inflation
2. Slower pace of growth after 2020 and 2021 spending
3. Expansion of restaurants and other retail outside city in Napa County likely to continue (American Canyon)

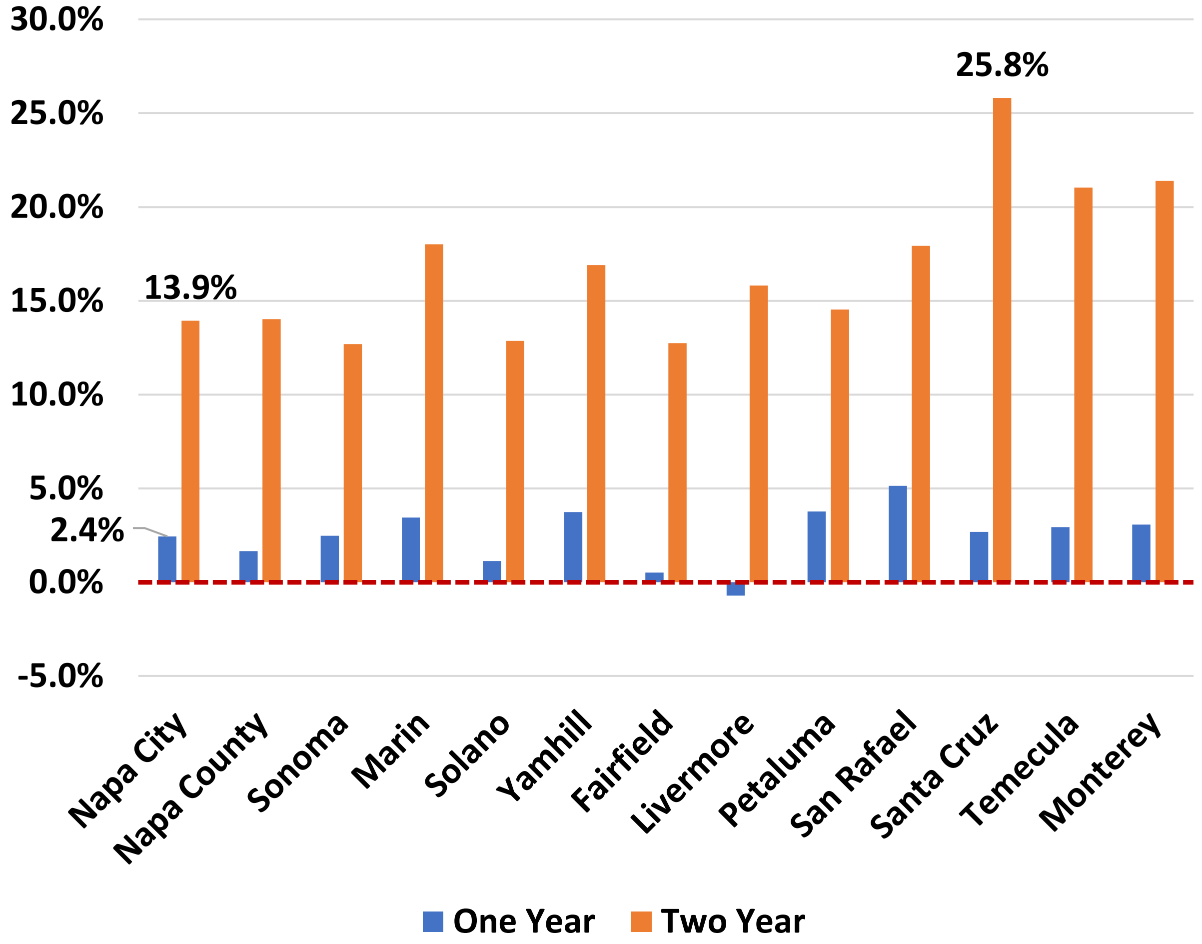
Source: California **Department of Tax and Fee Administration (CDTFA)**

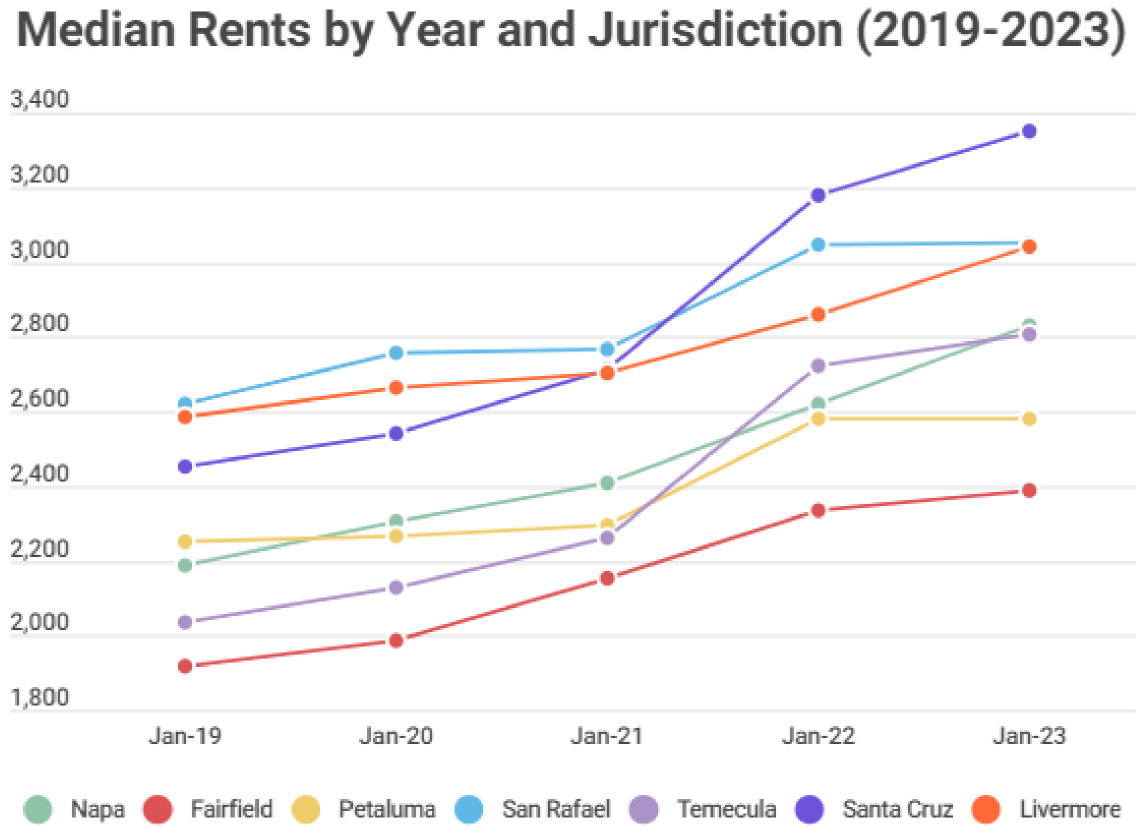
Tourism, Average Daily Rate ($) and Occupancy Rate (%), April 2019 to Dec 2022



Source: Smith Travel Research

Housing: % Change Median Home Price Jan 2021 to Jan 2023 Median Rents, Jan 2019 to Jan 2023, City of Napa and Selected Cities and Counties





Source: Zillow™ Research (2019-2022). Current dollars.

Source: Zillow™ Research

Equity Measures: Housing Burden
City of Napa and Selected Cities and Counties

Housing Burden — **% of Households with Rent as at least 30% of monthly income**

Place	2010	2015	2020	2021
Napa City	**55.3%**	**55.3%**	**55.6%**	**56.0%**
Napa County	53.1%	55.5%	52.6%	54.2%
Sonoma	55.8%	56.9%	54.7%	54.7%
Marin	54.2%	54.1%	50.5%	51.6%
Solano	56.2%	57.0%	53.4%	54.2%
Yamhill	49.6%	54.1%	50.7%	54.4%
Fairfield	57.4%	55.5%	54.8%	57.5%
Livermore	50.7%	49.7%	50.3%	52.2%
Petaluma	56.0%	50.5%	54.7%	58.2%
San Rafael	56.3%	58.4%	54.2%	54.0%
Santa Cruz	63.2%	67.5%	58.9%	56.3%
Temecula	54.4%	57.8%	53.9%	56.5%
Monterey	49.5%	52.9%	55.4%	54.4%
CA	55.1%	56.9%	54.2%	54.2%
US	50.8%	51.8%	49.1%	49.4%

Housing Burden: % of after-tax income paid for rent or ownership (these data are just rentals)

- A percent over 30% is considered “burdened” in housing advocacy circles
  - Severe burden is considered over 50%
- Caveats
  - Burden is a function of housing costs and incomes
  - The key is how households are making budget decisions assuming taxes and housing are paid first
  - **Napa is 5th highest of this group as of 2021 (the latest Census data)**

City of Napa: Things to Watch

- Toward 2024
  - Macroeconomic context remains uncertain
  - Do interest rates rising matter as much to Napa housing market?
  - Inflation to persist to 2024 minimum
- Travel industry: is a slower economy ok for Napa tourism?
  - High airline prices and geopolitical concerns = stability or growth in 2023?
  - Cost pressures going to affect smaller, local business
- Housing mixed signals
  - Housing burden could be falling because of rising household incomes
  - Rents still rising: pressure on housing and workforce development/retention
  - This is the local public policy issue for the 2020s

Thanks!
Questions?
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