

CITY OF NAPA: INDICATORS

NAPA, CA

OCTOBER 2020

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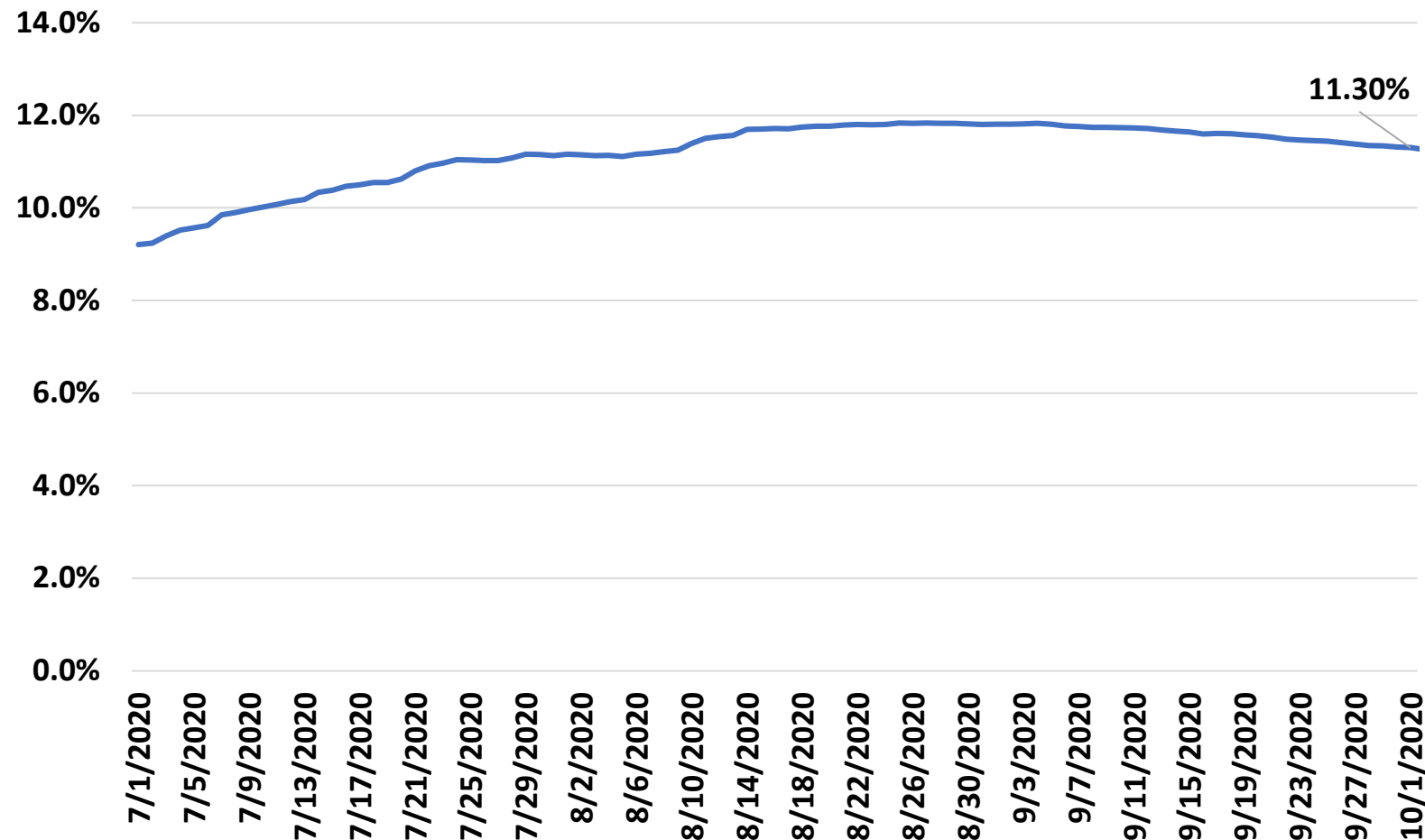
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Quick Overview of Indicators

- COVID Cases CA to US: beginning the turn?
- City of Napa, August 2020
 - 8.8% unemployment; 8.3% Napa County
 - -3.7% labor force than August 2019
 - 5,000 residents not working that had a job in August 2019, -11.9% change
 - Slightly more residents working
- Countywide Residents
 - Initial Claims for UI up slightly in August 2020
 - Leisure and Hospitality new UI claims rising
- Housing
 - Forecasts positive to August 2021 for City of Napa
 - Listing and sales prices rising
- County employers slightly few jobs than 2020
 - Leisure and Hospitality a drag, as occupancy still down across county
 - Retail and health and education promising
 - Watch for temp layoffs/furloughs becoming permanent in hospitality and then retail falling again in terms of momentum
- Macro indicators
 - Consumer Confidence remains flat
 - Business Confidence up versus last year but waning
 - Equity markets and elections and rising COVID-19 cases globally: concerns there

COVID Cases in CA and US: Daily Ratio (%), October 1, 2020, 11.30%



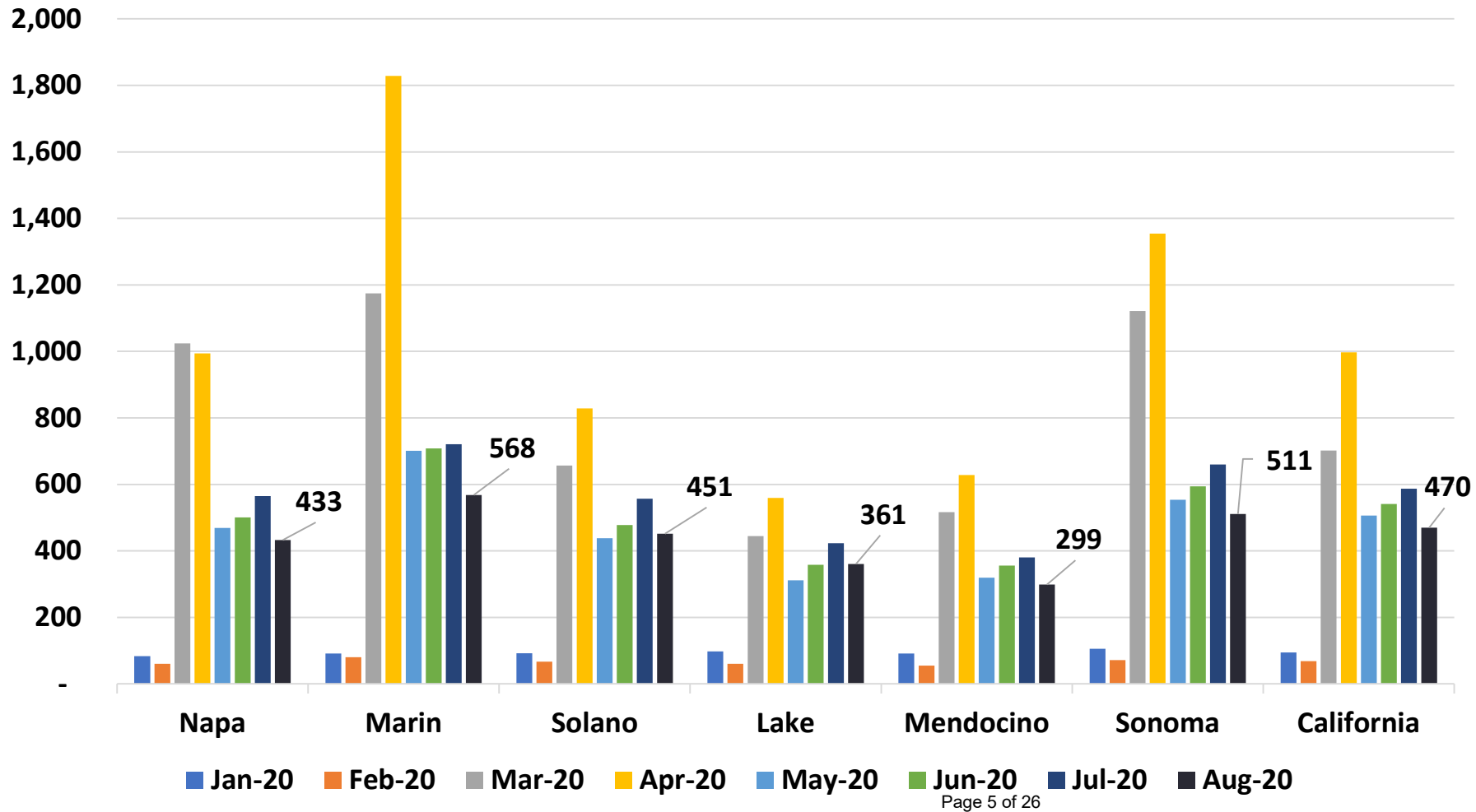
These data show how California has seen some flattening of the curve in August, and in September began to decline proportional to national COVID-19 cases as of October 1, 2020. We want this number to continue to decline, but also need US cases to decline. After Sept 12, 2020, the growth rate of national cases increased again.

Major LF Data Comparisons, Aug 2020 Compared to Aug 2019, City of Napa, Napa County Residents

Category	Change City of Napa	% Change	Change Napa County	% Change	Change California	% Change
Civilian Labor Force	-1,950	-4.5%	-3,800	-5.0%	-699,500	-3.6%
Civilian Employment	-4,400	-10.5%	-7,800	-10.6%	-2,062,900	-11.1%
Unemployment Rate		8.8%		8.3%		11.6%

These data show major labor-force data (city residents working or not working) comparing August 2020 data to August 2019. These unemployment rates are not seasonally adjusted and stated as estimated. City of Napa has fared well compared to CA thus far. County at 8.3% suggests non-tourism businesses re-hiring outside city limits.

Initial Claims from Base for CA and Bay Area Counties, Jan 2020 to Aug 2020, Index Jan 2019 = 100

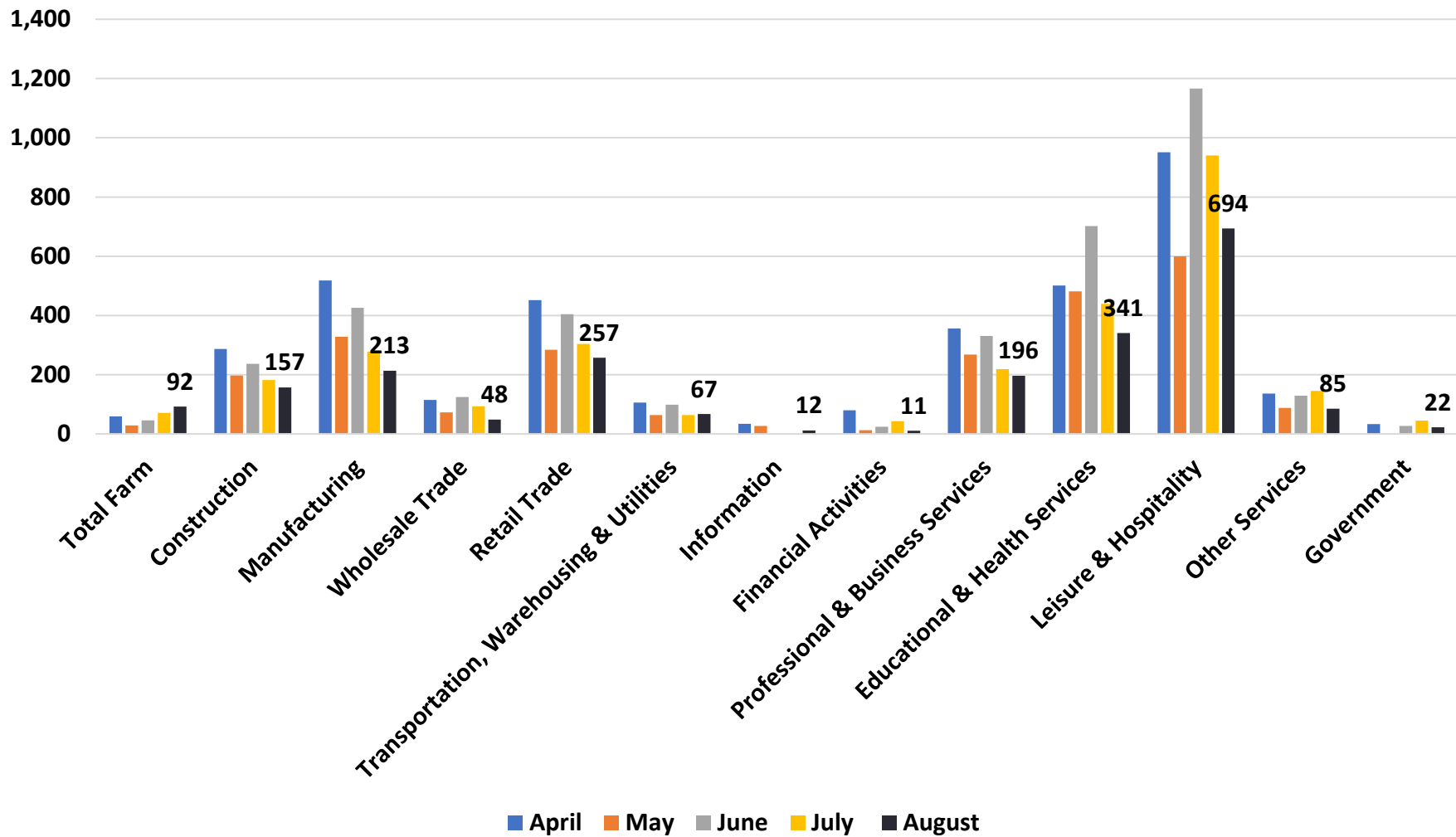


These data compare those that have claimed unemployment insurance in Napa County versus other areas. Napa County remains 4.33x its level in Jan 2019 as of August 2020. These data portend rising unemployment rates when the data rise. We want these numbers to continue to fall; in August 2020, the number increased slightly.

These are the month-by-month new entrants into receiving unemployment insurance, not the cumulative or continued claimants.



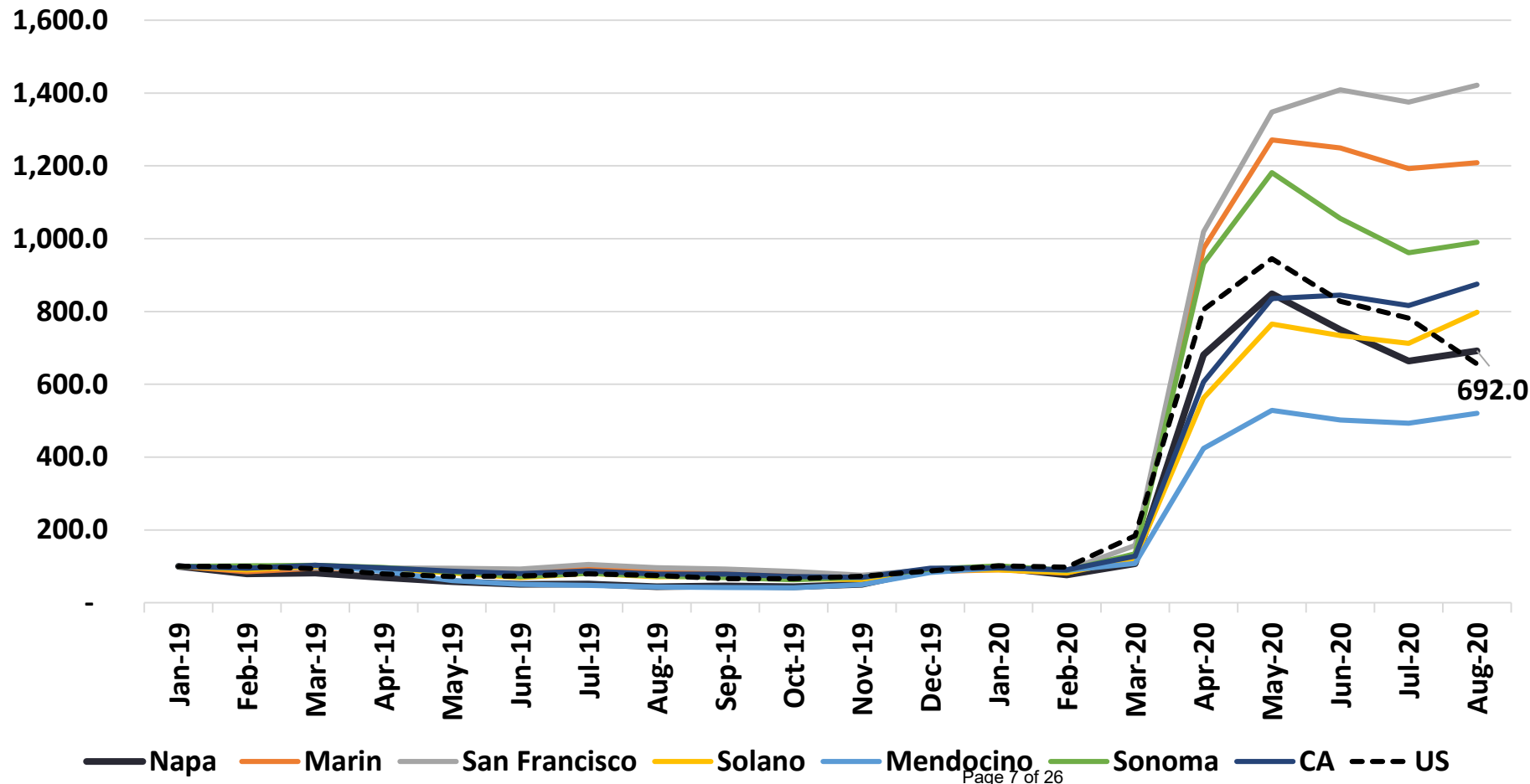
New Initial Claims for Unemployment Insurance (UI), Napa County, April 2020 to Aug 2020, Number of New Claims



Notice the increase in Leisure and Hospitality for August 2020. For Napa County, these data show specific industries and new claims for UI, a way to track where economic and workforce development in Napa County and the City of Napa may be best focused. Given job loss data by industry, not many surprises here, but the recent increase in August for some industries is concerning.

Different from the geographic comparisons above, these are the number of workers that live in Napa County that have asked for UI.

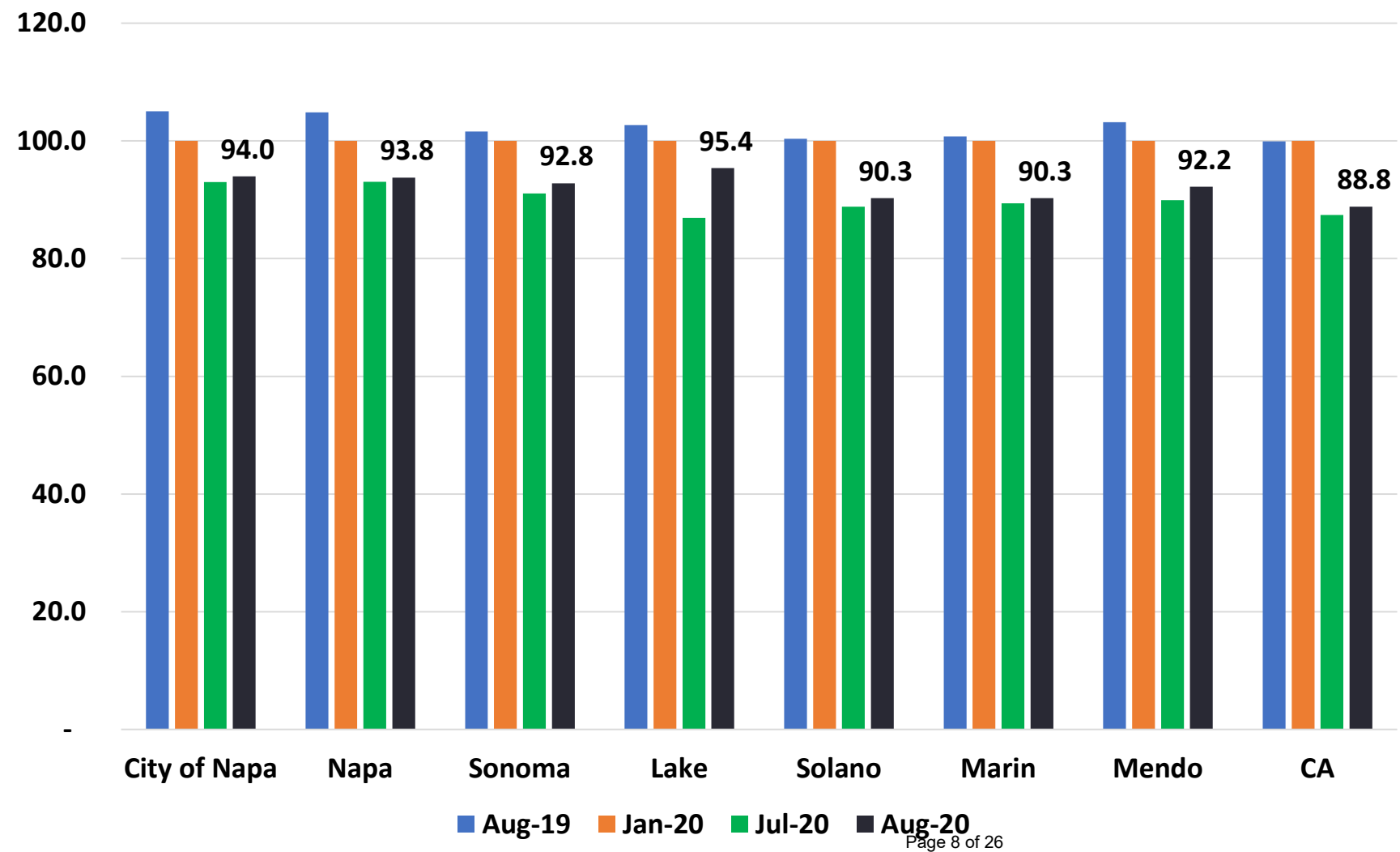
Continued Claims for Unemployment Insurance (UI), Napa County and Selected Areas, Number of Weeks Claimed by Month, Jan 2019 to August 2020, Index Jan 2019 = 100



These data show the duration of UI payouts by selected place. The spike is obvious and came from so many claimants for UI. In August 2020, the total claims were 6.92 times the level in January 2019. the downward trend the May 2020 peak reversed a bit in August. The data for September and October likely affect how 2021 begins.

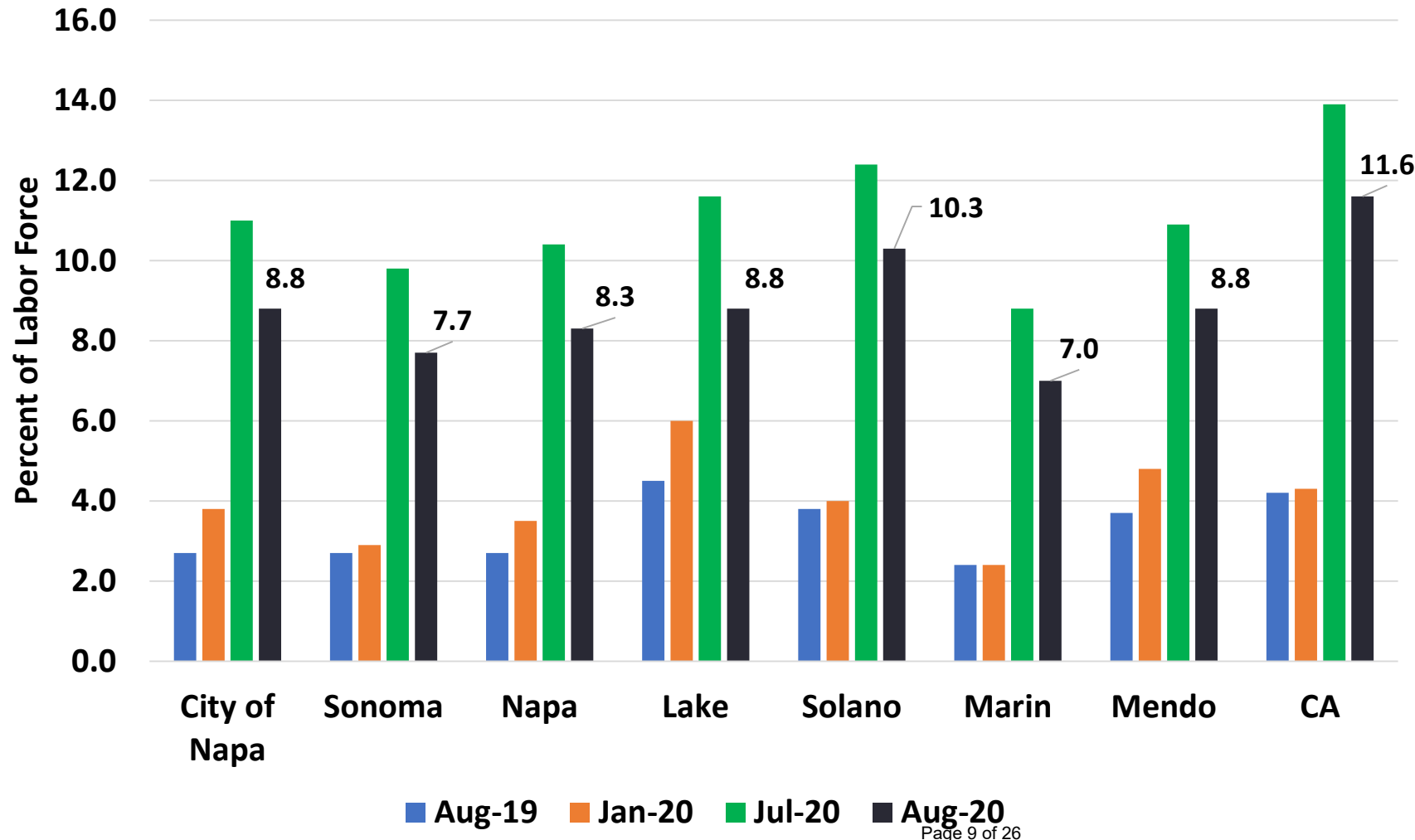


Employment Level Comparisons, Number of Employees, Index Jan 2020 = 100, City of Napa, Napa County and Selected Areas, to August 2020



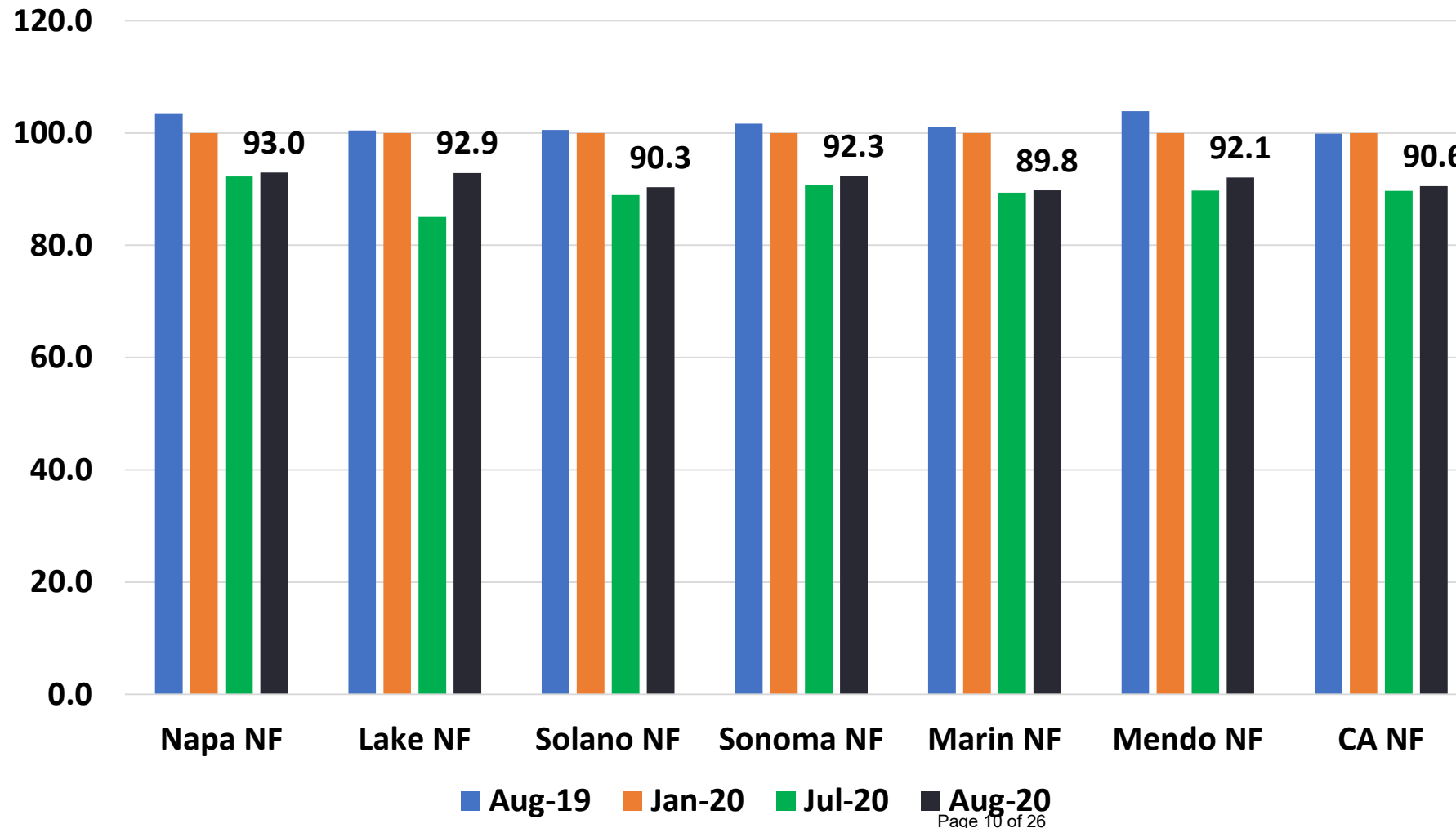
August 2020 showed some recovery for the City of Napa’s residents. These data compare residents with jobs (those who live in the City of Napa and are working) to other places in terms of their residents with jobs. January 2020 acts as the baseline (equal to 100); we want these numbers to rise. The loss of labor force all a loss of unemployed residents.

Unemployment Rate Comparisons, % of Labor Force, August 2019 – August 2020



These data compare residential unemployment rates (those who live in the City of Napa) to other places in terms of the number of residents that do not have a job, but remain in the labor force (actively seeking work). We want these numbers to fall, and August 2020 shows such a fall for the City of Napa and Napa County overall.

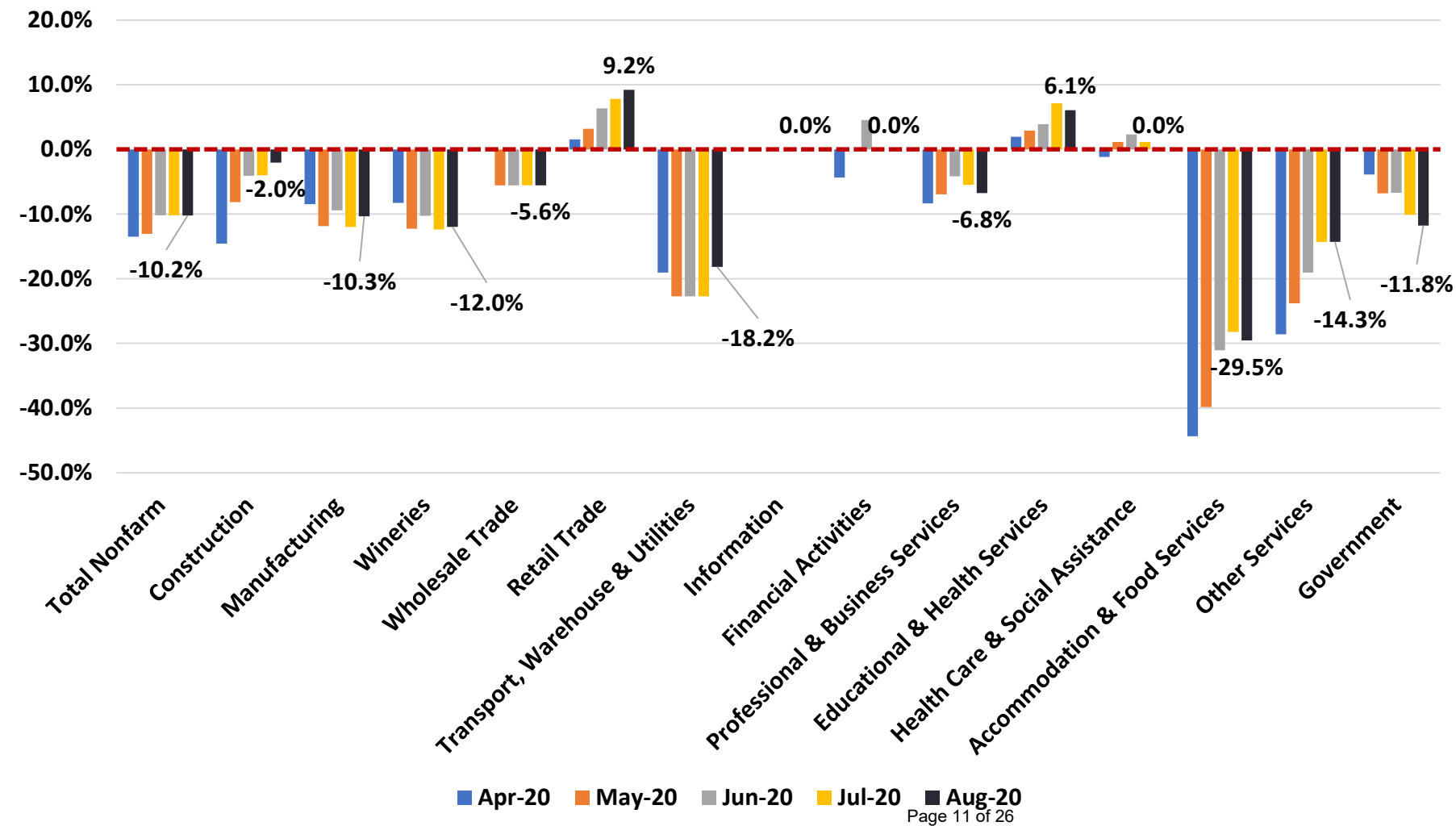
Non-Farm (NF) Employment, as of Aug 2020, Napa County and California, and Selected Areas, Index Jan 2020 = 100



These data compare the number of employees that work in Napa County, regardless of where they live, compared to the level of workers in Jan 2020 (Jan 2020 = 100 here); we want these data to rise. For August 2020, jobs at Napa County employers increased slightly from July 2020, now just 7.0 percent less than Jan 2020.



Employment Changes by Sector, Napa County, % Change from Previous Year, April to Aug 2020

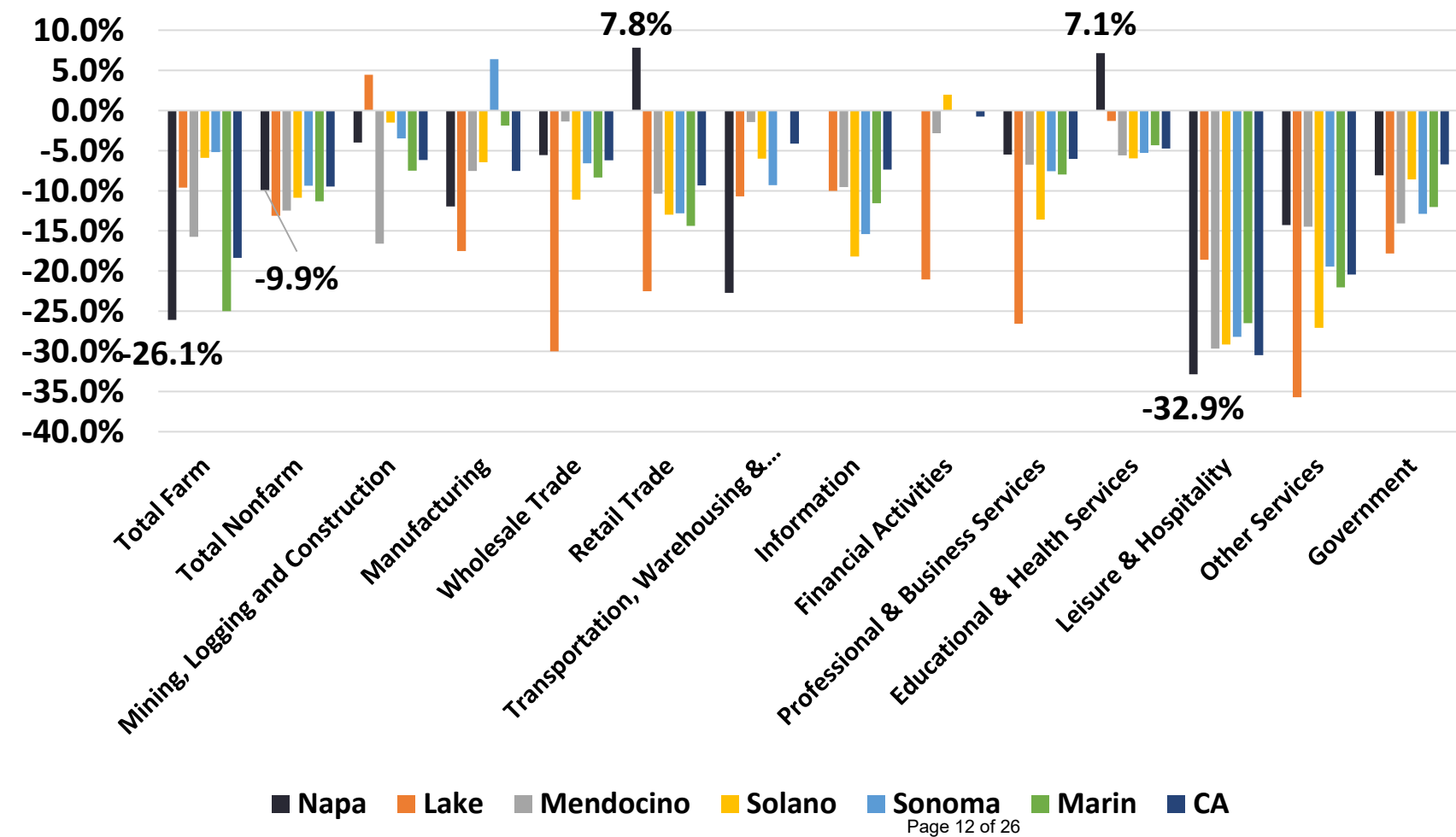


These data show how specific industries are recovering in Napa County, including retail jobs and healthcare; these are compared to the same month in 2019 to eliminate seasonality as possible.

Retail jobs growth continues to be an anomaly for Napa County, as is the bounce back of health care and education.

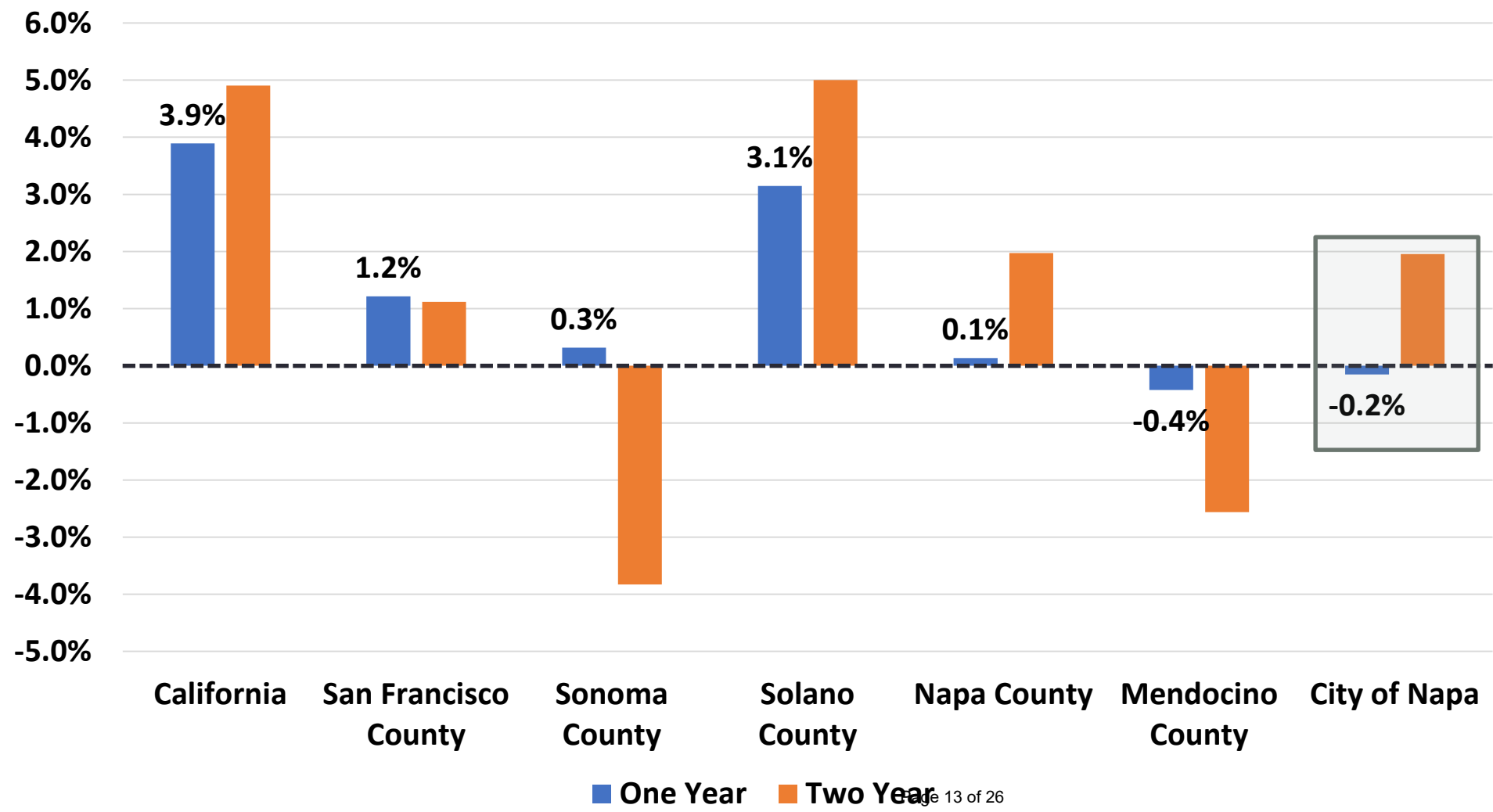


Employment Changes by Industry % Change from Previous Year, Aug 2020, Napa County and Selected Areas



These data show how regional comparisons for specific industries were hurt and have started to recover from job losses; these are compared to August 2019 to eliminate seasonality as possible. The data are the percentage of workers lost in an industry versus the number of workers in August 2019.

Median Home Prices, Aug 2020, Compared to Aug 2019 and Aug 2018, City of Napa and Selected Areas



These data show that the housing market was slowing down the last two years, and also further suggest across California that COVID-19 has not hurt housing markets yet. Continue durations of job loss can undermine good housing markets otherwise. The flat change in City of Napa shows supply and demand basically hand in hand for now.

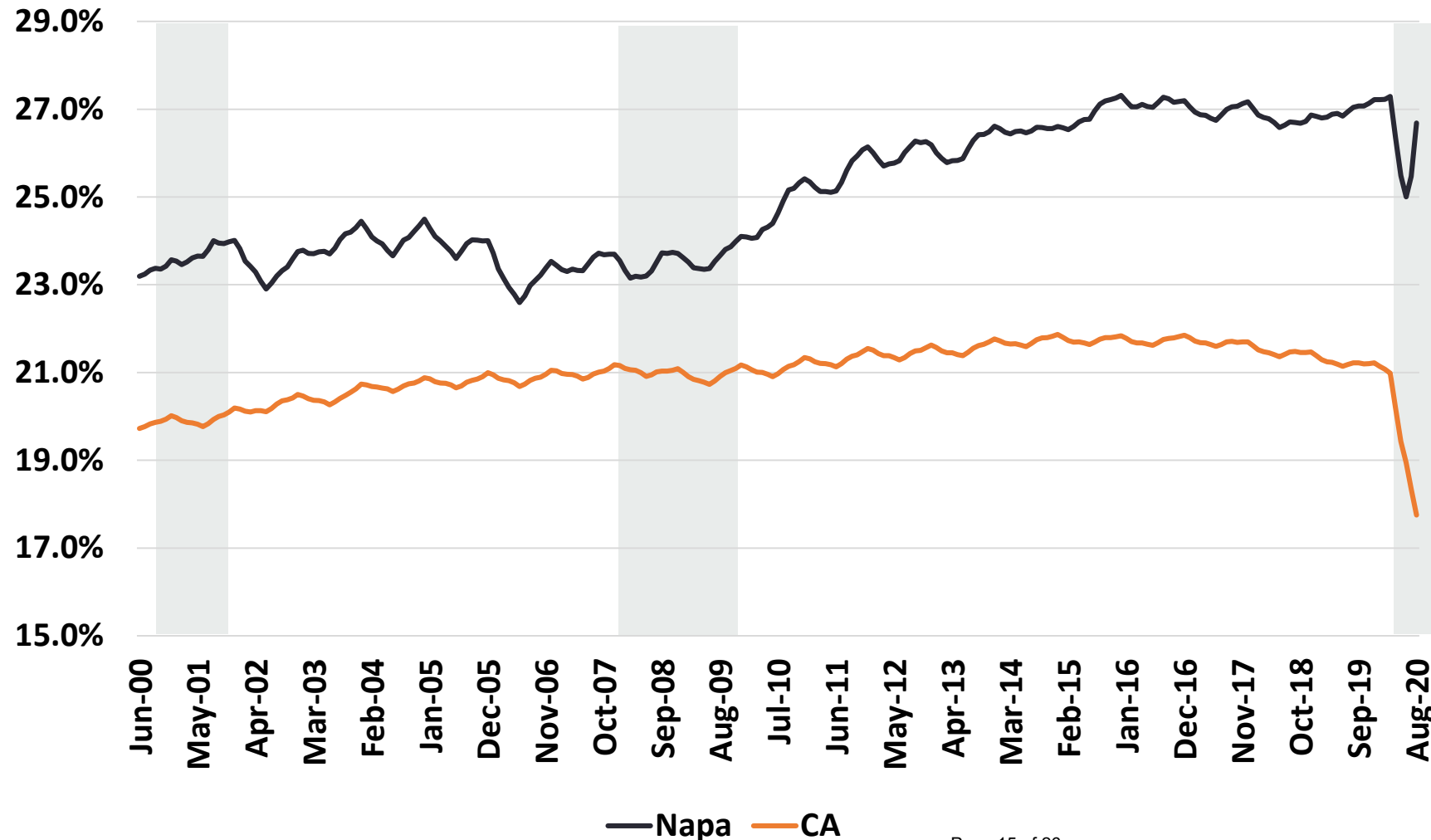
Hotel data (Occupancy Rates and RevPAR), Selected Counties, Aug 2020 compared to Aug 2019

County	Occupancy %		Revenue Per Available Room or RevPAR (\$)	
	2020	2019	2020	2019
Napa	42.9%	78.1%	\$146	\$279
Marin	48.5%	78.7%	\$62	\$128
Sonoma	57.6%	80.6%	\$86	\$160
San Francisco	33.4%	84.8%	\$40	\$208

Napa County is far behind on occupancy and thus RevPAR as of August 2020 versus last year, a continued theme in Napa County and California. This is a major reason for the continued drag in jobs growth for hotels and restaurants.

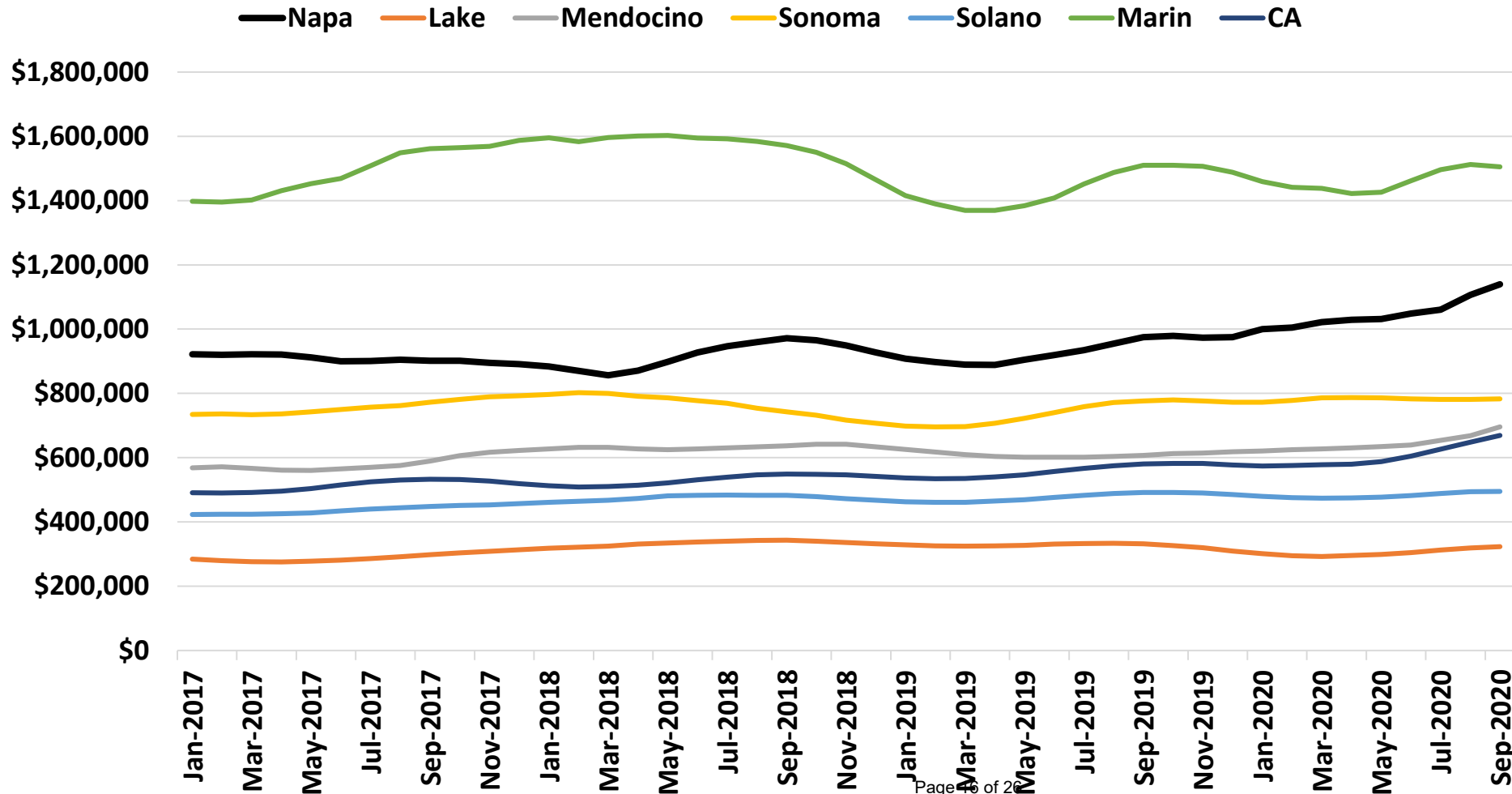
However, occupancy has slowly risen from April; fire-related occupancy may confound these numbers into September.

Restaurant-Hotel-Retail as % of Non-Farm Employment, Napa County and California, % of total, June 2000- Aug 2020



These data are at the county level, but the bulk of these jobs are in the City of Napa and in American Canyon. We want these data to rise, but notice that in Napa County and the state on average is moving the same way as Napa County. In August 2020, retail jobs helped increase this percentage in Napa County faster than CA.

Median Listing Prices, Napa County and Selected Areas, Jan 2017 to Aug 2020, 6-Month Moving Average

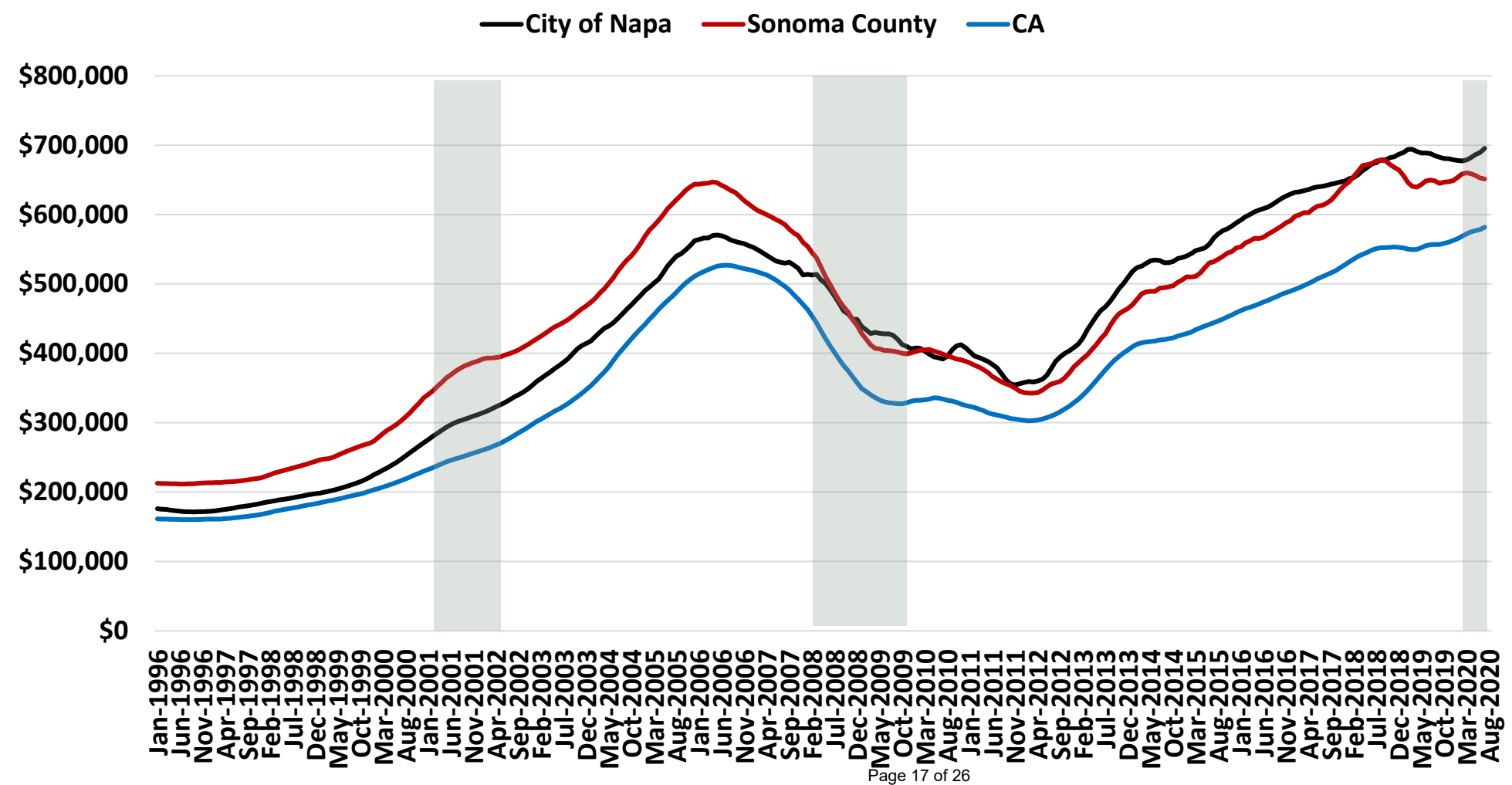


Median listing prices provide a way to see how the supply side of the housing market is looking at the demand side by how homeowners are listing their homes for sale against recent market trends.

Napa County's median home prices suggest external demand is now bidding up available properties, including Bay Area residents.



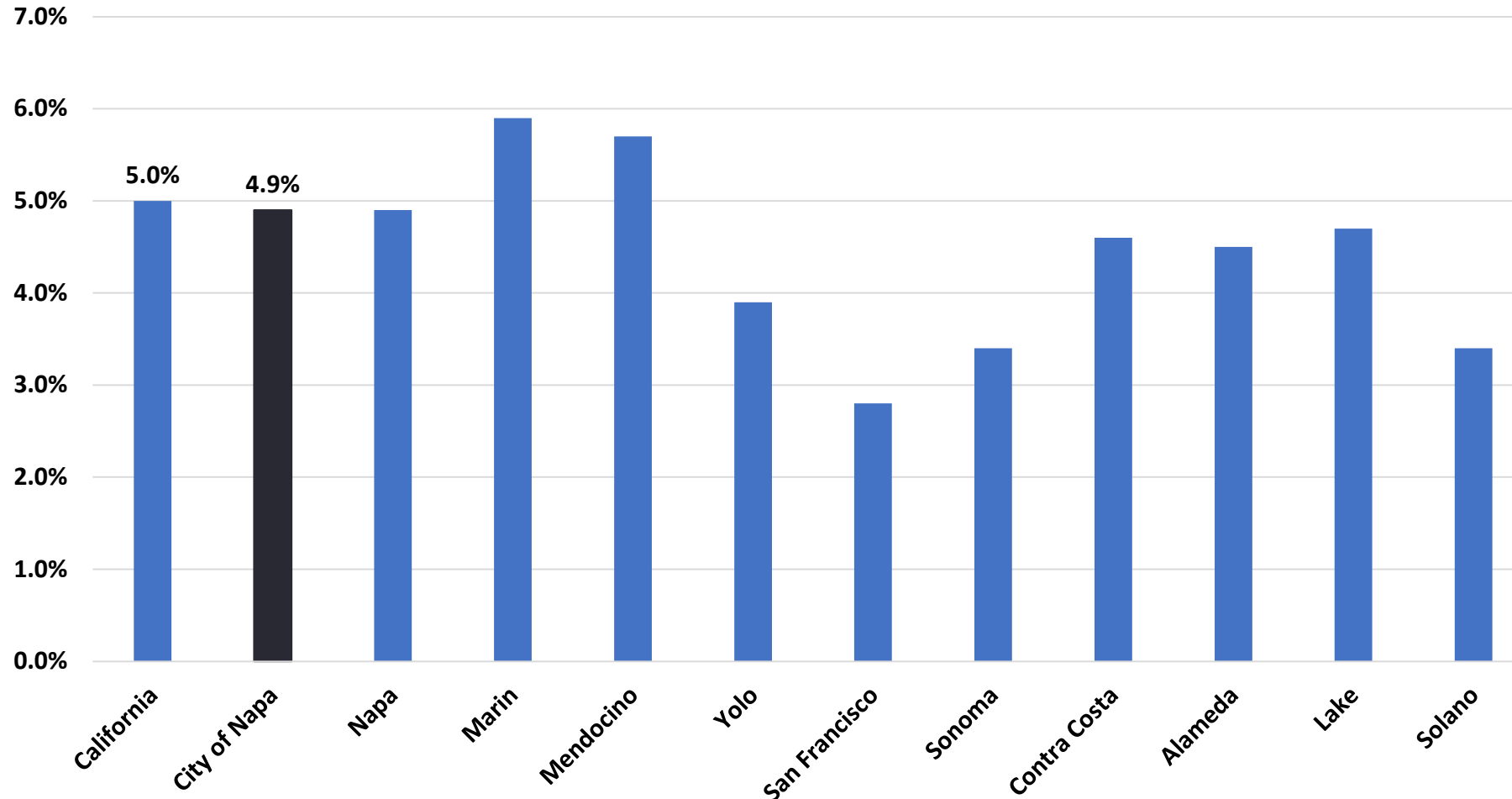
Median Home Prices, Current Dollars, City of Napa and Selected Areas, Jan 1996 – Aug 2020



Median home prices provide a gauge against the median listing prices to see how sales are finalizing, but also provide housing market trend.

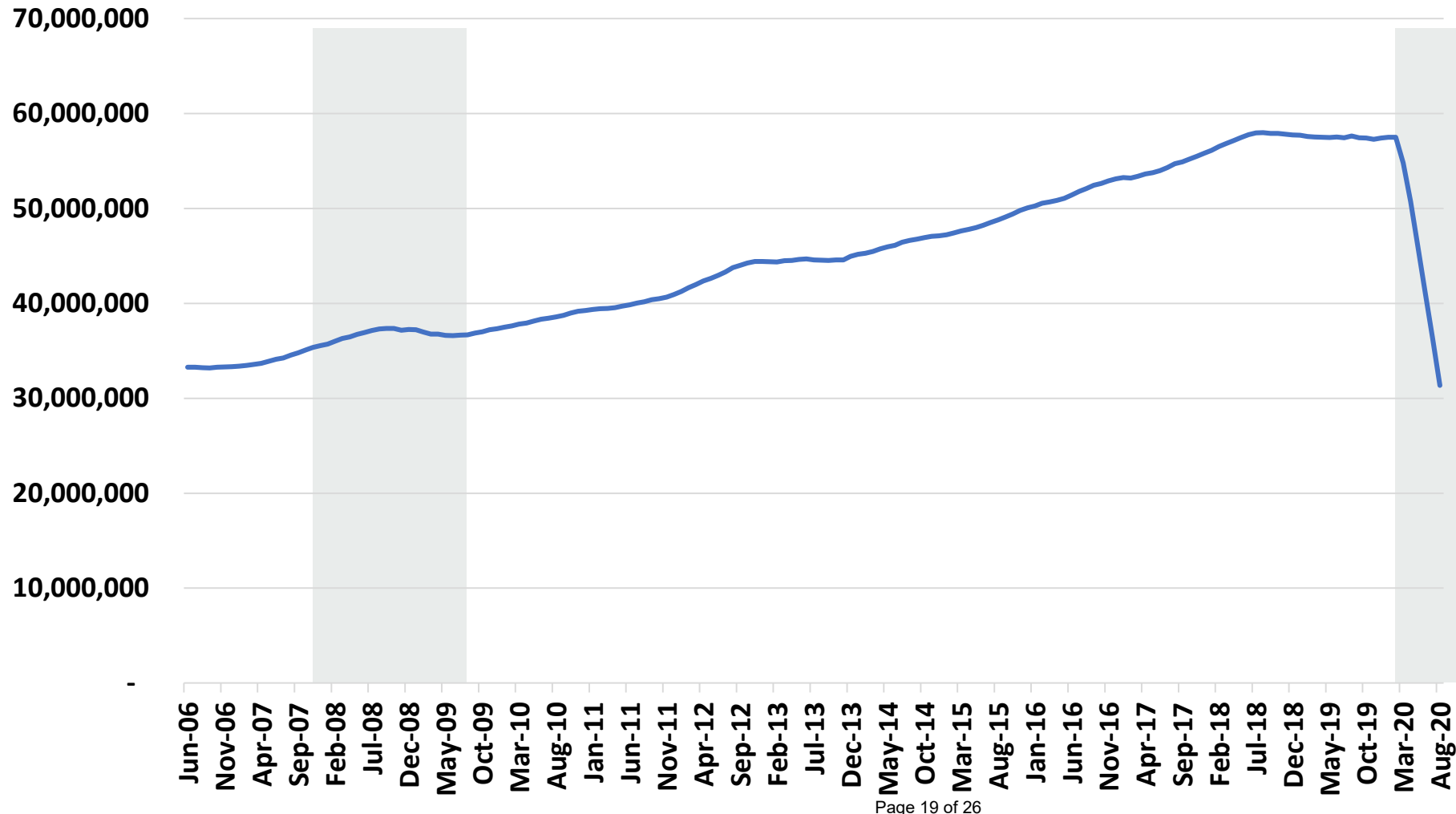
The City of Napa home prices have trended up since March 2020, suggesting demand for living in Napa has internal and external buyers.

Housing Price Forecast, August 2020 to August 2021, % Change, City of Napa, Selected Counties and California



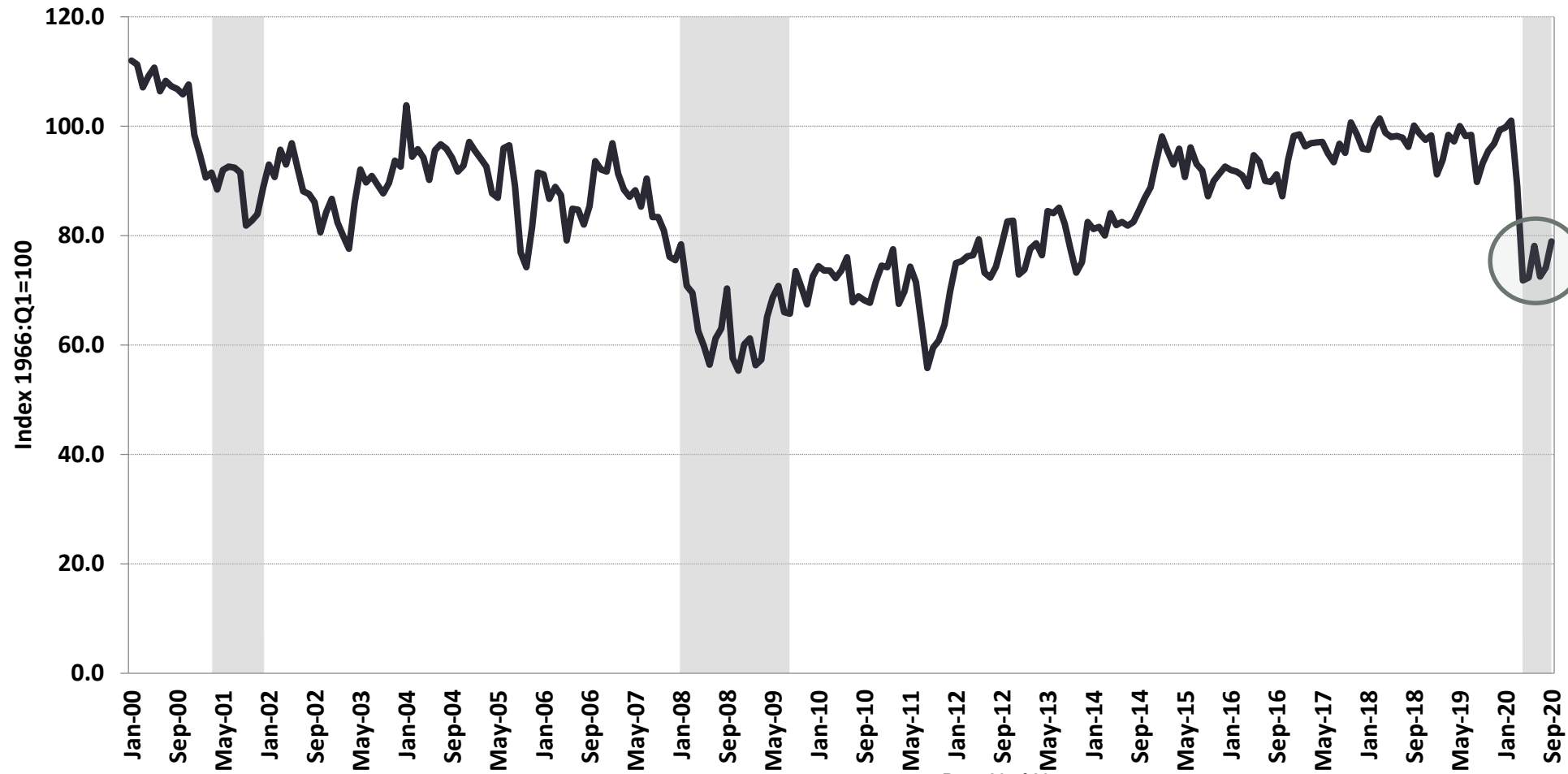
The City of Napa drives the south valley housing market; the forecast in August 2020 to August 2021 is good and suggests for now no housing market chaos predicted. North Napa Valley markets are pulling the county forecast slightly higher.

Passenger Data, SFO, Rolling 12-Month Sum, Passengers, Number of People, to August 2020



As of August 31, 2020, the fall in the number of passengers through SFO had not begun to recover as passengers numbers on a 12-month rolling sum fell again; Napa County's hotel occupancy is driven partially by flights into the Bay Area from global origin points.

Consumer Sentiment, U of Michigan, Index Q1 1996 = 100, Jan 2000 – Sept 2020

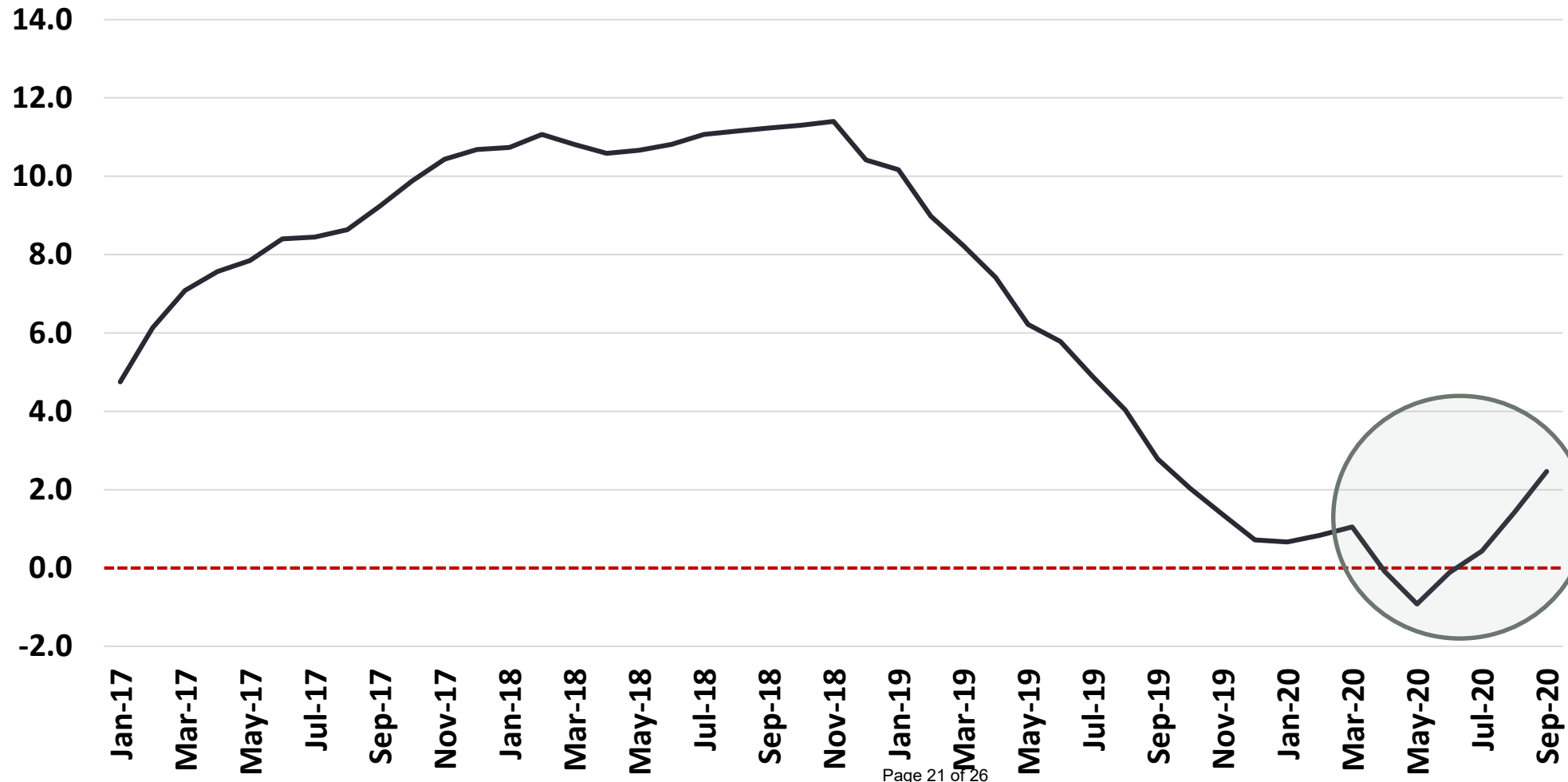


Source: University of Michigan/FRED

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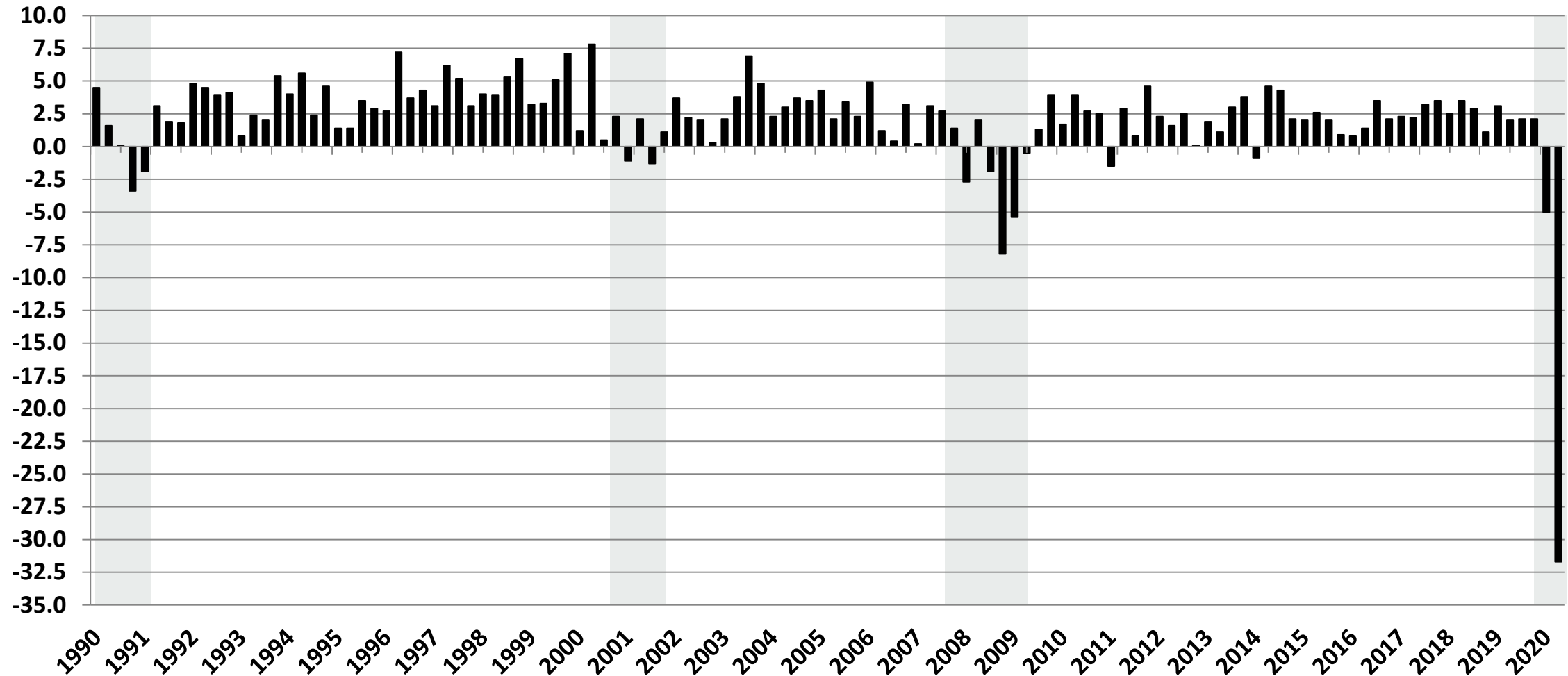
This index suggests how consumer consider tourism and durable goods purchases, such as cars and appliances; the tick down in August 2020 may reflect election uncertainty and continued COVID-19 case growth. September 2020 was up slightly.

ISM Purchasing Manager's Index, Jan 2017 to August 2020, % change from Previous Year



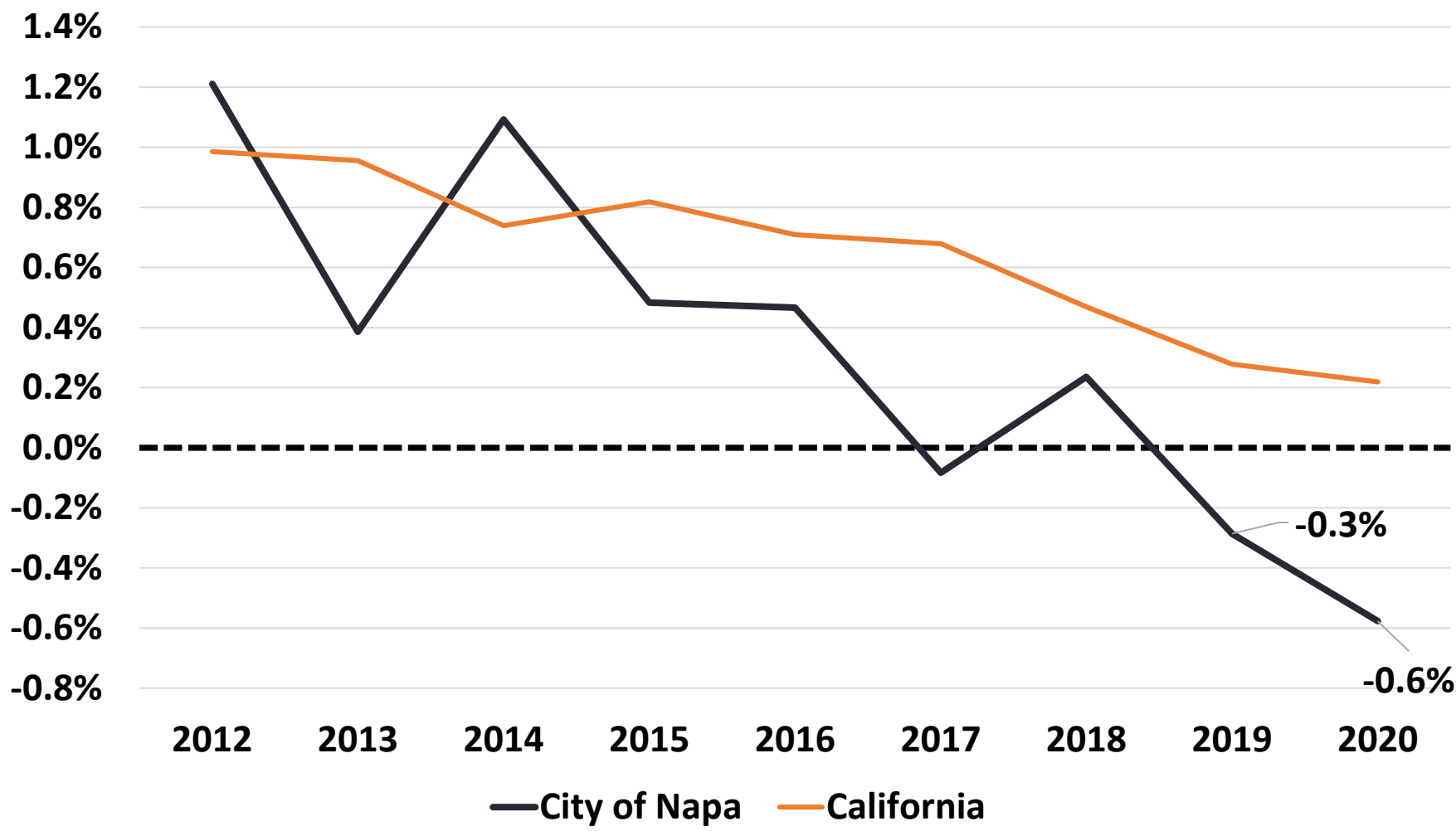
This index going below 0% change from last year generally forecasts national recession; the continued increase in August is good and signals recovery has started. Rising COVID-19 cases may affect business and manufacturing confidence as Fall 2020 and Winter 2021 unfold.

GDP Growth, 1990 – Q2 2020, SAAR, % Change (Shaded Areas = Recession), -31.4% in Q2 2020



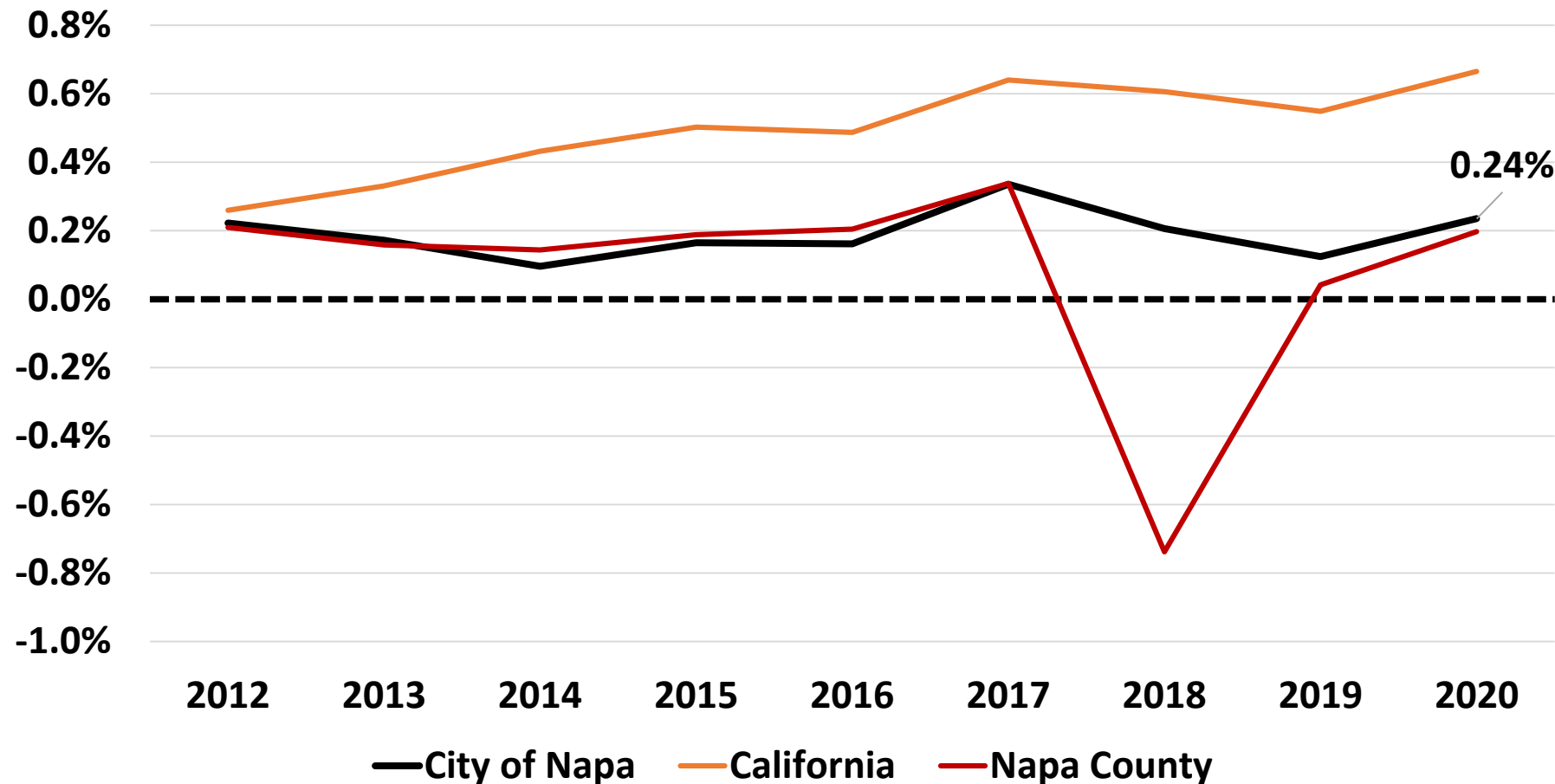


City of Napa, Population Growth 2010 to 2020, Annual % Change from Previous January 1



These data were released in June 2020 and estimate the growth of City of Napa’s population annually since 2011. In 2019, the city’s population fell for the second year in a row (-0.6%), for an estimated population of 78,032 on January 1, 2020 in the City of Napa.

City of Napa, Housing Units Growth, % Change from Previous Year, 2012 to 2020



These data were released in June 2020 and estimate the growth of City of Napa's housing units annually since 2011. In 2019, the city's population fell for the second year in a row (-0.6%), for an estimated population of 78,032 on January 1, 2020 in the City of Napa.

City of Napa: things to watch

- City of Napa, August 2020
 - Temporary layoffs becoming permanent job losses
 - Business losses the big concern next, especially if COVID-19 cases rise again in California as we are seeing in other states.
- Jobs in City of Napa and Napa County
 - Can retail momentum continue once visitor season ends?
 - Restaurant and hotel watch: this is where more pain is likely coming first
- Hotel Occupancy
 - August and September and more regional fires
 - Can October be a bounce-back month if fires remain at bay?
- Housing market remains stable: higher prices mean less affordability also

Thanks!
Questions?
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