



CITY OF NAPA: INDICATORS

NAPA, CA

JUNE 2021

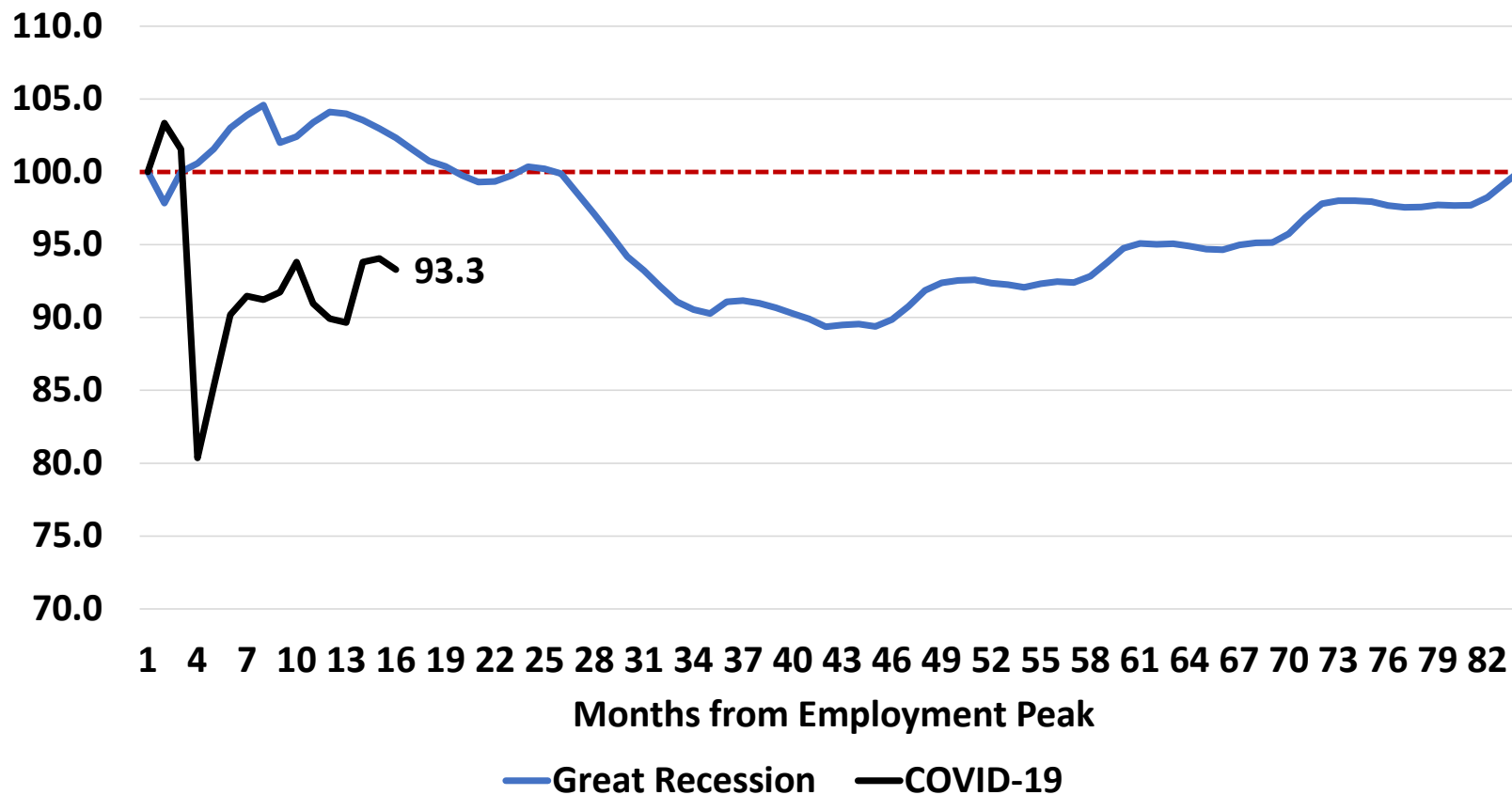
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Tracking Labor Market Recovery: City of Napa Residents in Great Recession and in COVID-19 Recession to April 2021, Index Nov 2007 and Jan 2020 = 100, to April 2021



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

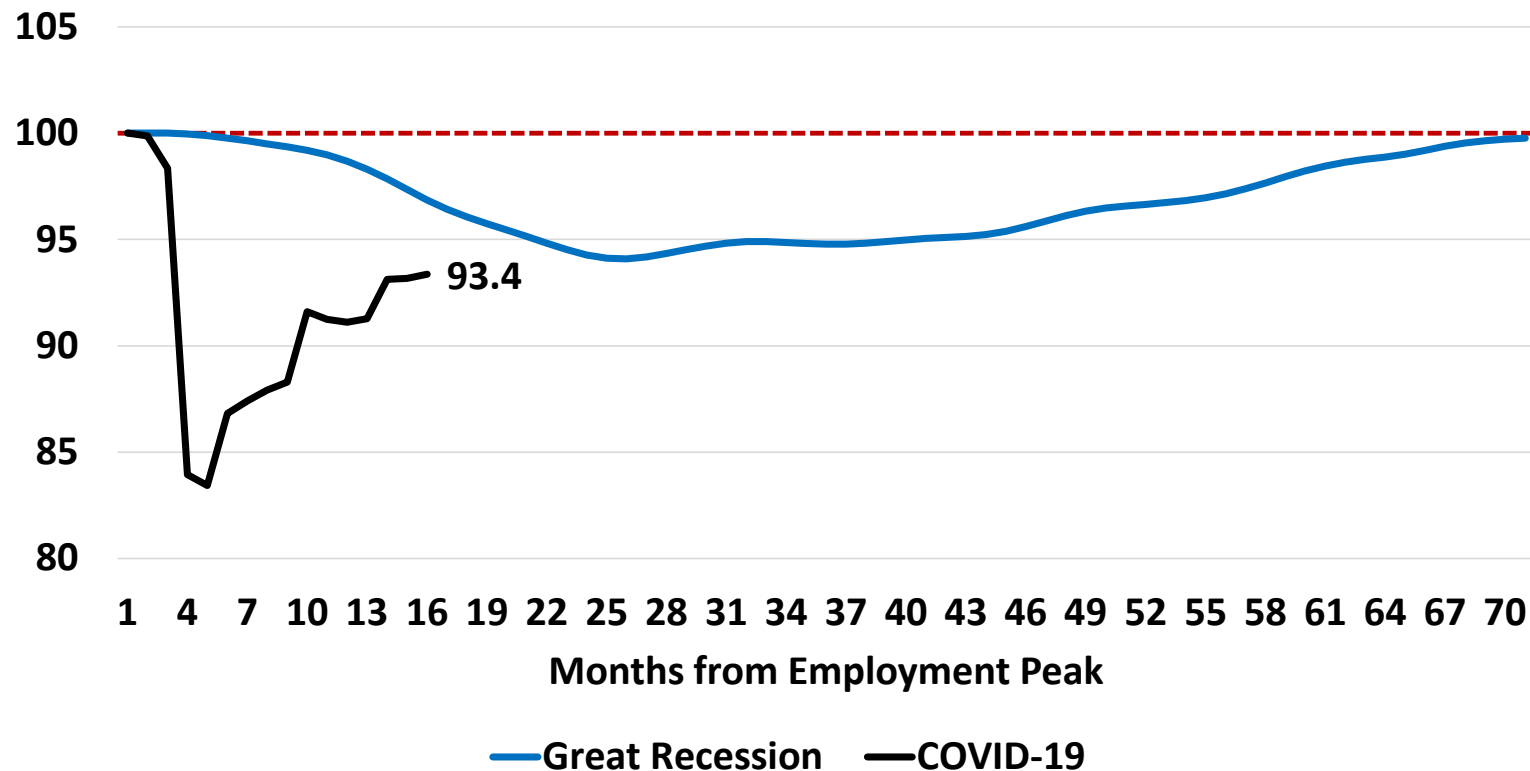
The City of Napa lagged the national jobs losses (Nov 2007 as the start for the US) versus COVID-19, which started at the same time.

By starting each recession at the same place, we can see two recessions at one time and compare; the COVID-19 comeback was strong to October and now has flattened a bit (93.3% back to Jan 2020 level).

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

Source: California EDD and EFA

Employment Recovery Comparison, California, Great Recession and COVID-19 Recession, Months from Peak Employment, Index Nov 2007 and Jan 2020 = 100, to April 2021



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

The Great Recession in California took 56 months to recover the lost volume of workers.

As of April 2021, CA back to 93.4% of Jan 2020 level of employed residents.

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

Source: California EDD and EFA

Major LF Data Comparisons, April 2021 Compared to April 2019, City of Napa, Napa County Residents and CA



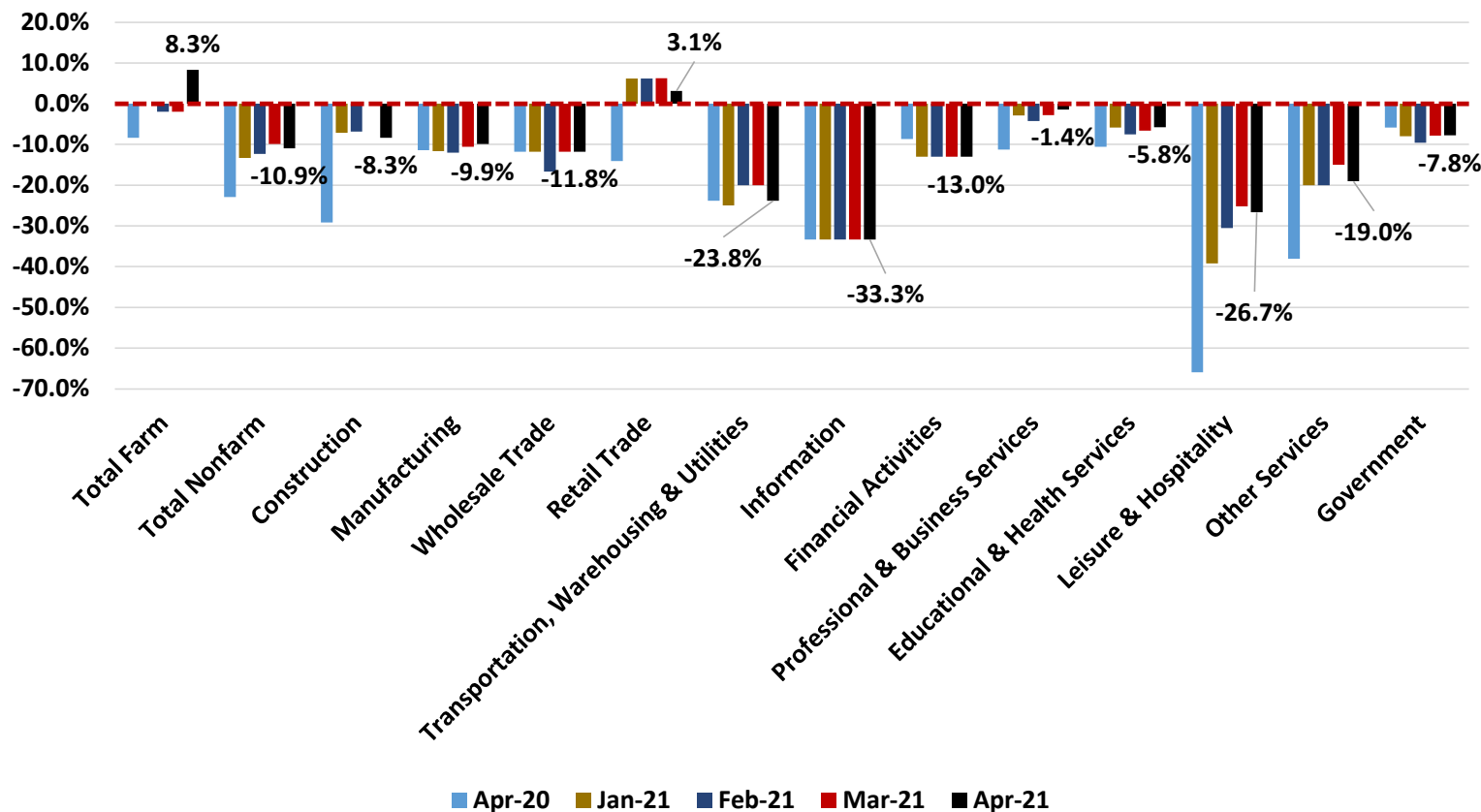
Category	Change City of Napa	% Change	Change Napa County	% Change	Change California	% Change
Civilian Labor Force	-2,500	-6.1%	-4,600	-6.4%	-371,300	-1.9%
Civilian Employment	-3,900	-9.8%	-6,800	-9.7%	-1,152,700	-6.2%
Unemployment Rate		6.7%		6.3%		8.1%

The City of Napa's labor market continues to improve, but mixed results: unemployment falling, labor force falling, employed residents stable. Napa County also mixed

We are now comparing to April 2019: reduce seasonality and creeping up on pre-COVID levels to Jan 2022.

California the third highest unemployment in the United States (Hawaii the highest, NY/NJ/CT close to CA).

Labor Market Recovery: Napa County, % Change in Jobs, Looking Back one Year, (except April 2021)

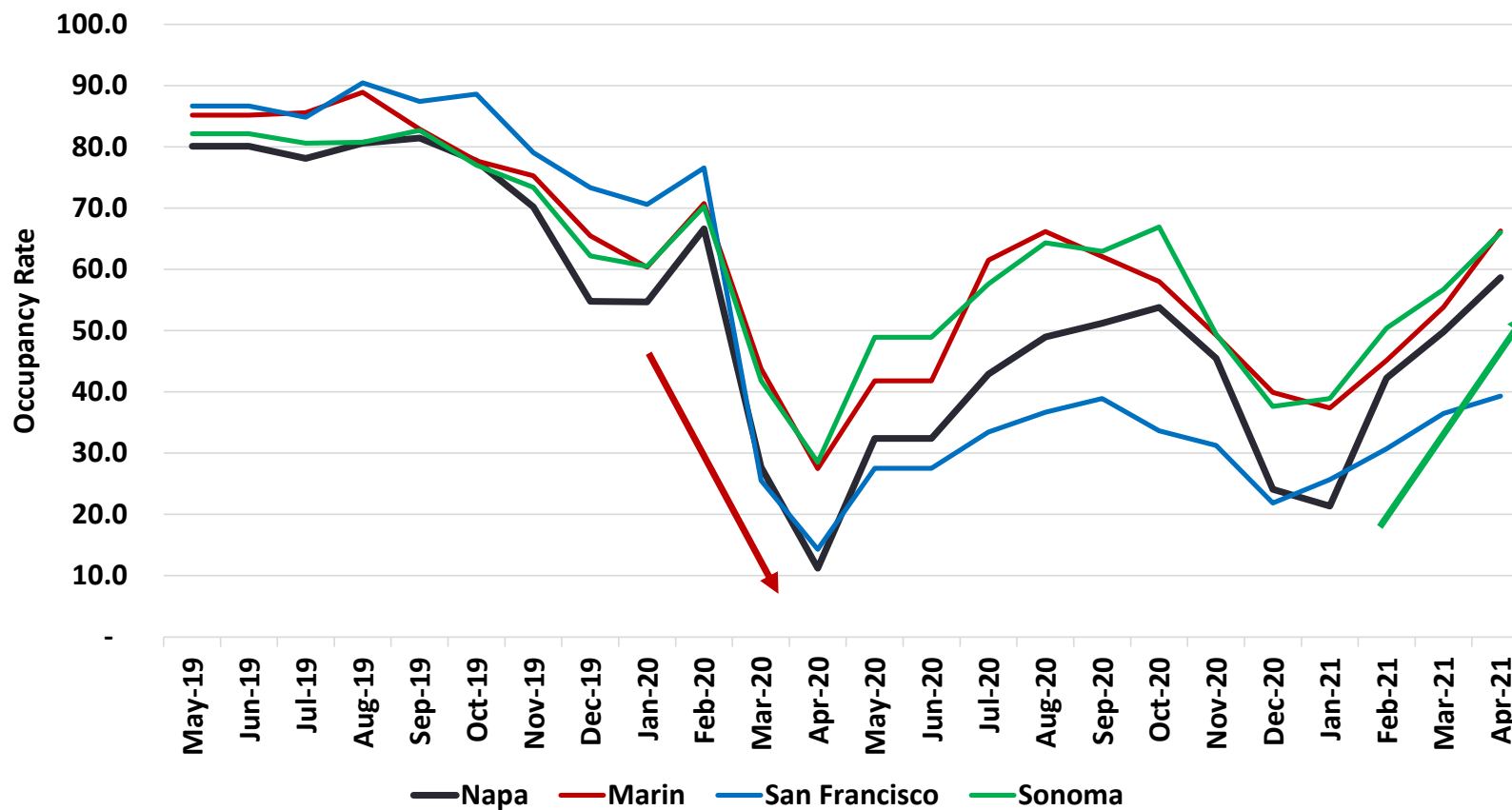


What these data say:

Each of the numbers is the percentage change in jobs for that industry in Napa County versus the same month in 2020 except for April (compared to 2019). For example, -26.7 for leisure and hospitality means that almost 27 out of 100 jobs in bars, restaurants, hotels, theaters, etc., in **April 2019** not there in Napa County **April 2021**.

Notice the damage remains primarily in tourism support (leisure and hospitality), other services (hair and nail salons, e.g.), and warehousing (wine sales down overall). These three industries were 24% of jobs in Jan 2020 for Napa County.

Occupancy Rate Evolution March 2020 to April 2021, Percent of Available Rooms, Same Week as One Year Previous, County Level



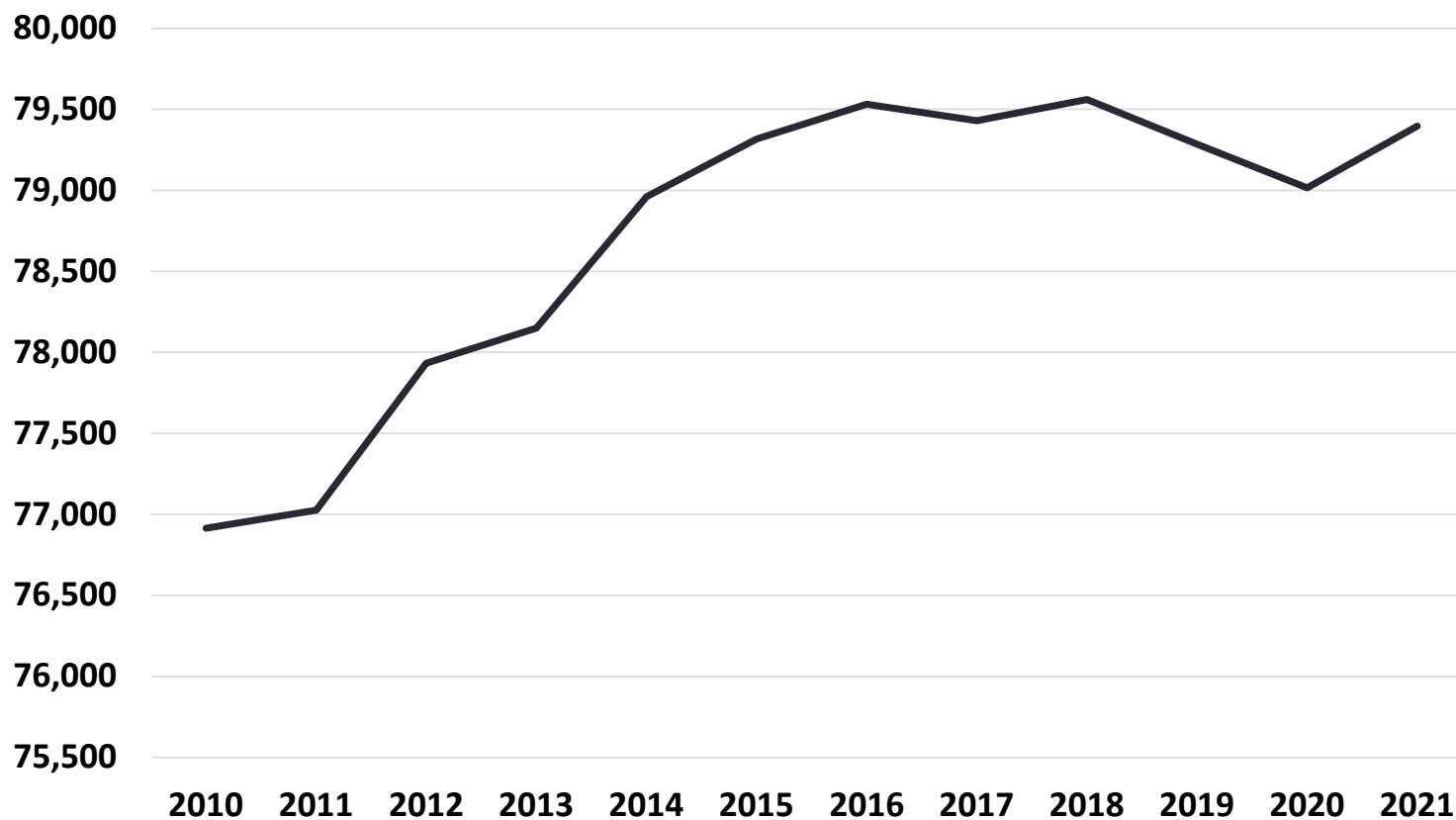
These data compare occupancy rates and hotels and motels (not at Airbnb/VRBO rentals)

Notice the large downturn compared to 2019 in 2020 and the strong beginning to 2021 through April 2021.

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.

Population, City of Napa, Estimated Residents Jan 1, 2010 to Jan 1, 2021 (as of May 7, 2021)



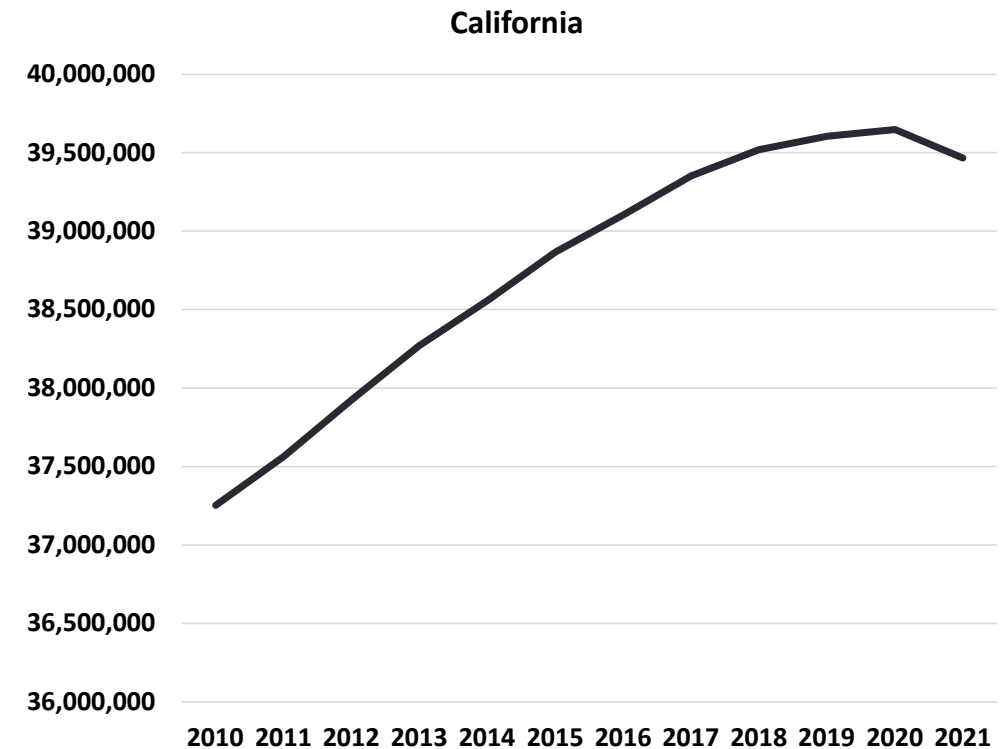
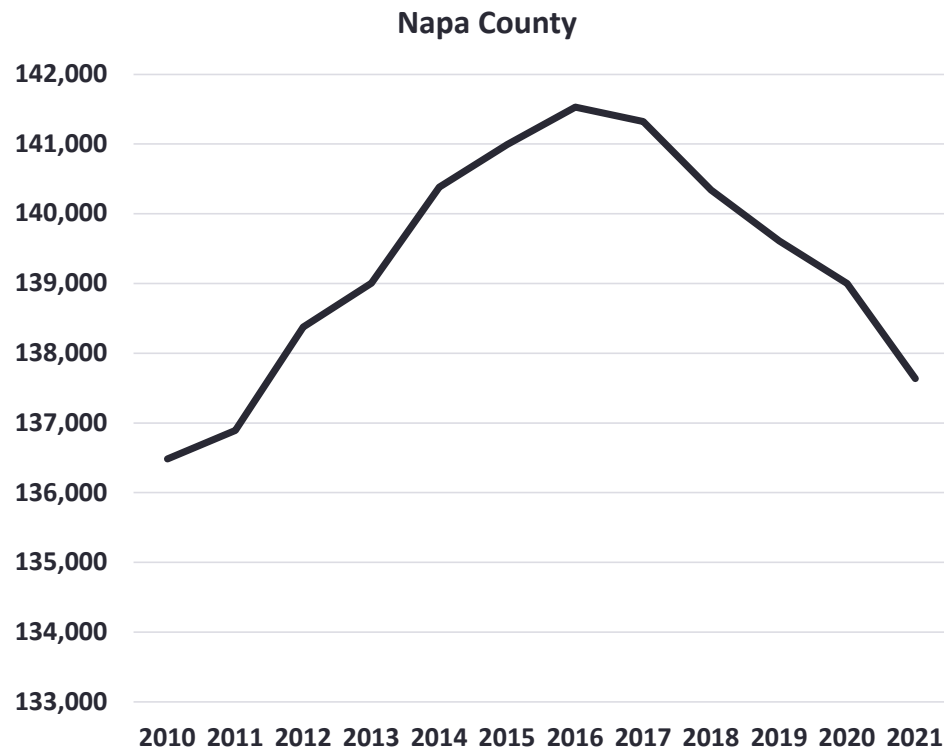
Population relatively stable since 2016 means (in theory):

- Stable workforce;
- Stable school attendance;
- Stable demand for local merchants...

If population is stable due to working families coming to or remaining in Napa.

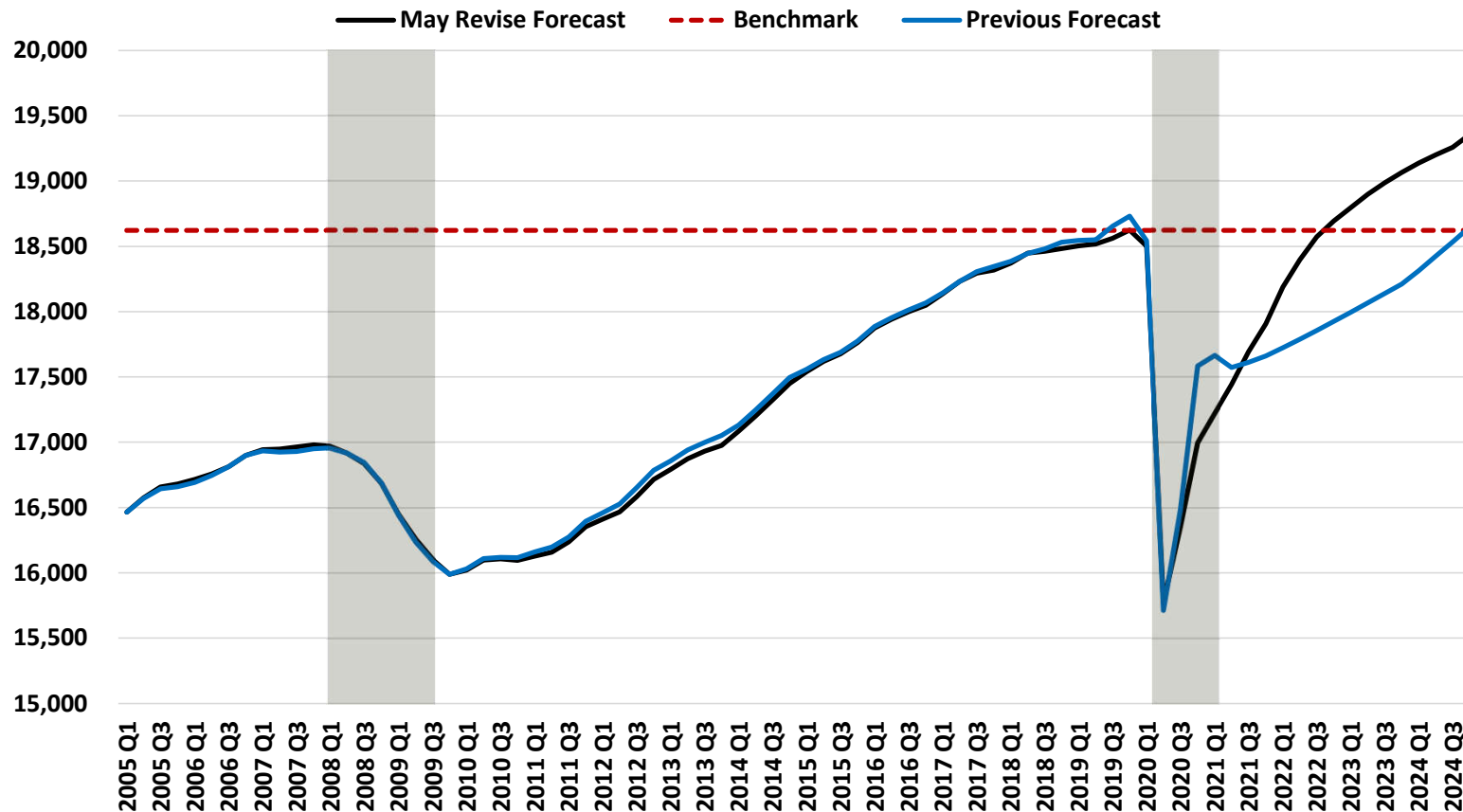
Source: California Department of Finance

Population, Napa County and California, Estimated Residents, Jan 1, 2010 to Jan 1, 2021



Source: California Department of Finance

Employment in California, Thousands of Workers, Q1 2005 to Q4 2024 (Forecast), May 2021



What these data say:

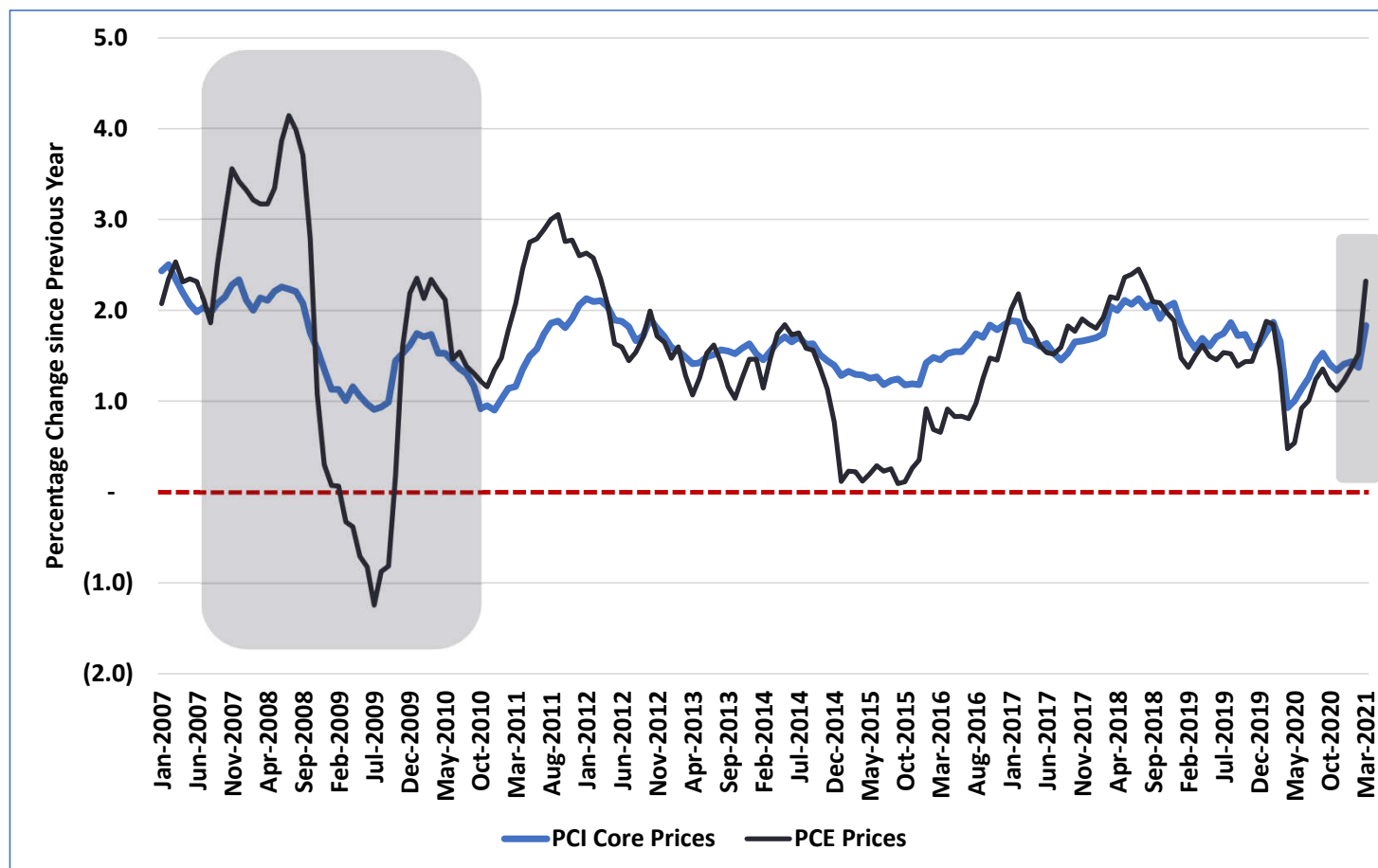
The data come from the California Department of Finance and accompany the Governor's Budget proposal every January.

These data show the recovery since the Great Recession (Nov 2007 = 100) for California jobs, the sharp downturn and quick, initial recovery.

Jobs growth should not return to Jan 2020 levels (110.5 or 10.5 percent above the Nov 2007 level) until late 2022, two years ahead of original forecast in late 2020 (notice the stark difference after 2021 in the two forecasts).

Sources: California Department of Finance and EFA: Shaded Area = Recession

Inflation and Why There is Concern, April 2021



Inflation volatility a function of recession's wake and markets finding their way.

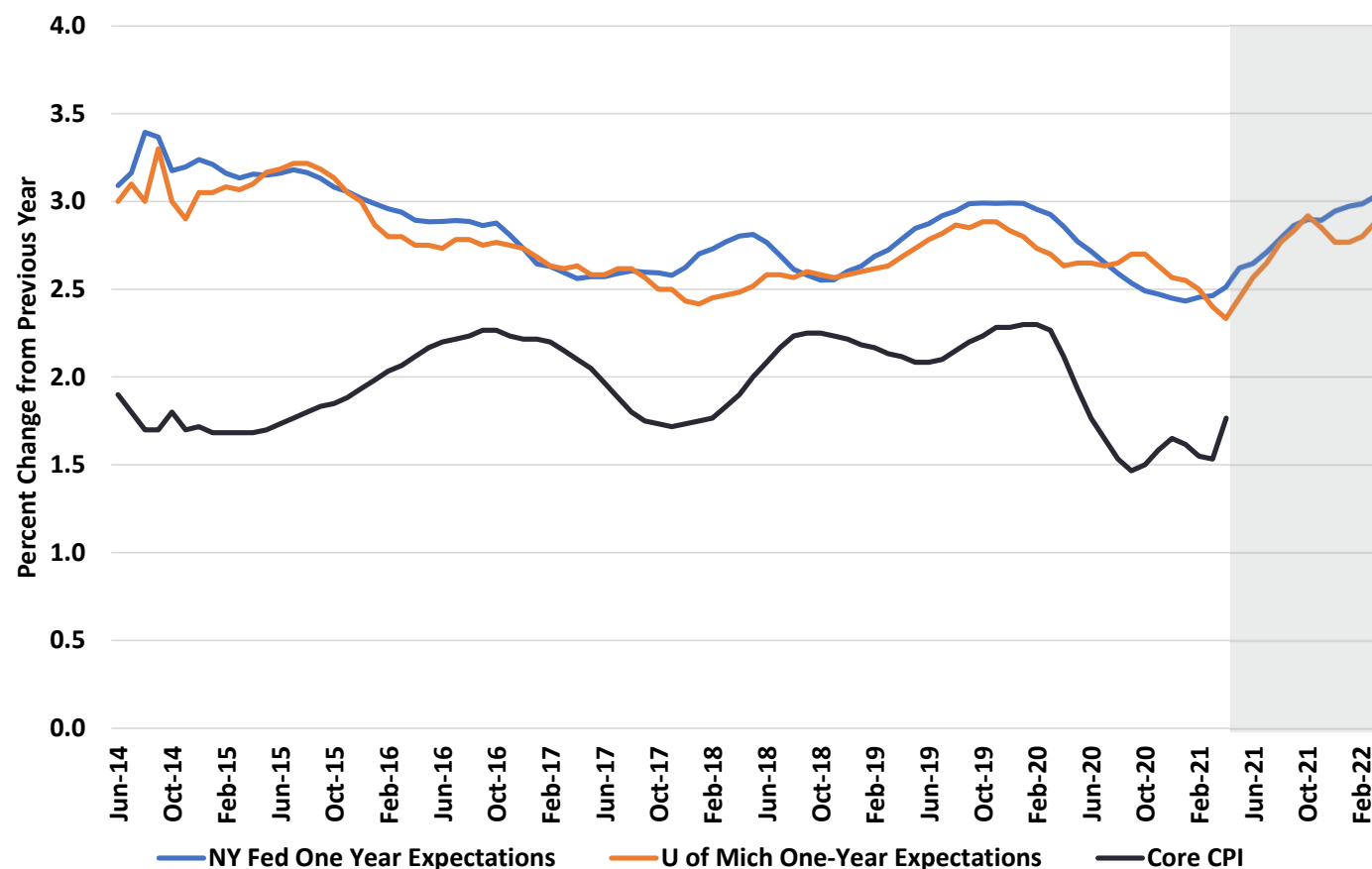
What causes inflation?

Excess Demand in Markets

- Supply problems: can be when supply chains seize up or fuel/energy prices rise to reduce supply in other products
- Demand rising: policy driven when outpacing normal demand

Inflation: The Latest and Thinking Forward, 2014-2022

(Shaded Area = Forecast)



- Inflation stable when demand is rising and supply is rising in tandem
 - Inflation tends to rise when coming out of recession when considering “year-on-year” changes
 - The key is expectations and how people/businesses act on them
 - Watching how CPI changes may affect pay increases and costs of building, living and interest rates

Big Things to Watch in Summer 2021

- Labor force volatility and UI benefits: the debate to rage in summer 2021
- Inflation volatile now, stable later?
- Vaccines, COVID-19 counts, summer and fall/winter: we are only as good as our next flu season
- Leisure and hospitality comeback to help a lot in Napa
- Housing markets, rentals and stability vs. affordability

Thanks!
Questions?
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