



CITY OF NAPA: INDICATORS CITY COUNCIL PRESENTATION

NAPA, CA

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Federal Reserve Philadelphia Forecast, Survey of Professional Forecasters

Real GDP (%)

Unemployment Rate (%)

Previous

New

Previous

New

These data are from Aug 2021

Quarterly

CBO, July 2021:

2021 Growth = +6.7%

2022 Growth = +5.0%

2023 Growth = +1.5 (no years greater than +1.7% to 2025)

2021:Q3	7.5	6.8	5.3	5.3
2021:Q4	5.0	5.2	4.9	4.9
2021:Q1	4.0	4.5	4.7	4.6
2022:Q2	2.6	3.4	4.5	4.4
2022:Q3	N.A.	2.7	N.A.	4.2

Annual data (projections based on annual-average levels):

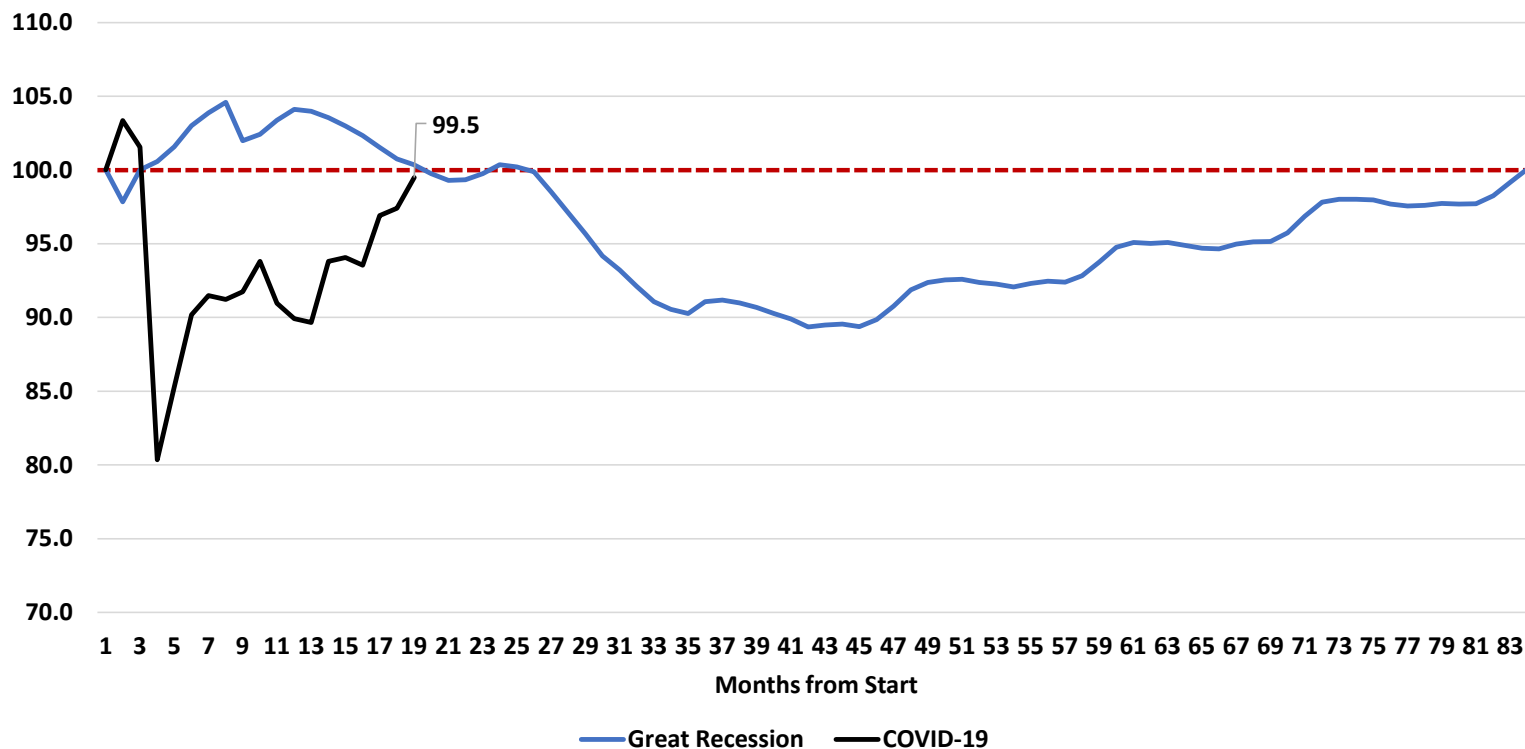
Why? **Labor force growth slower**

Inflation highest in 2021 to 2025

2021	6.3	6.1	5.5	5.6
2022	4.3	4.4	4.4	4.3
2023	2.6	2.5	3.9	3.8
2024	2.3	2.0	3.8	3.6

Source: Federal Reserve Philadelphia Branch

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



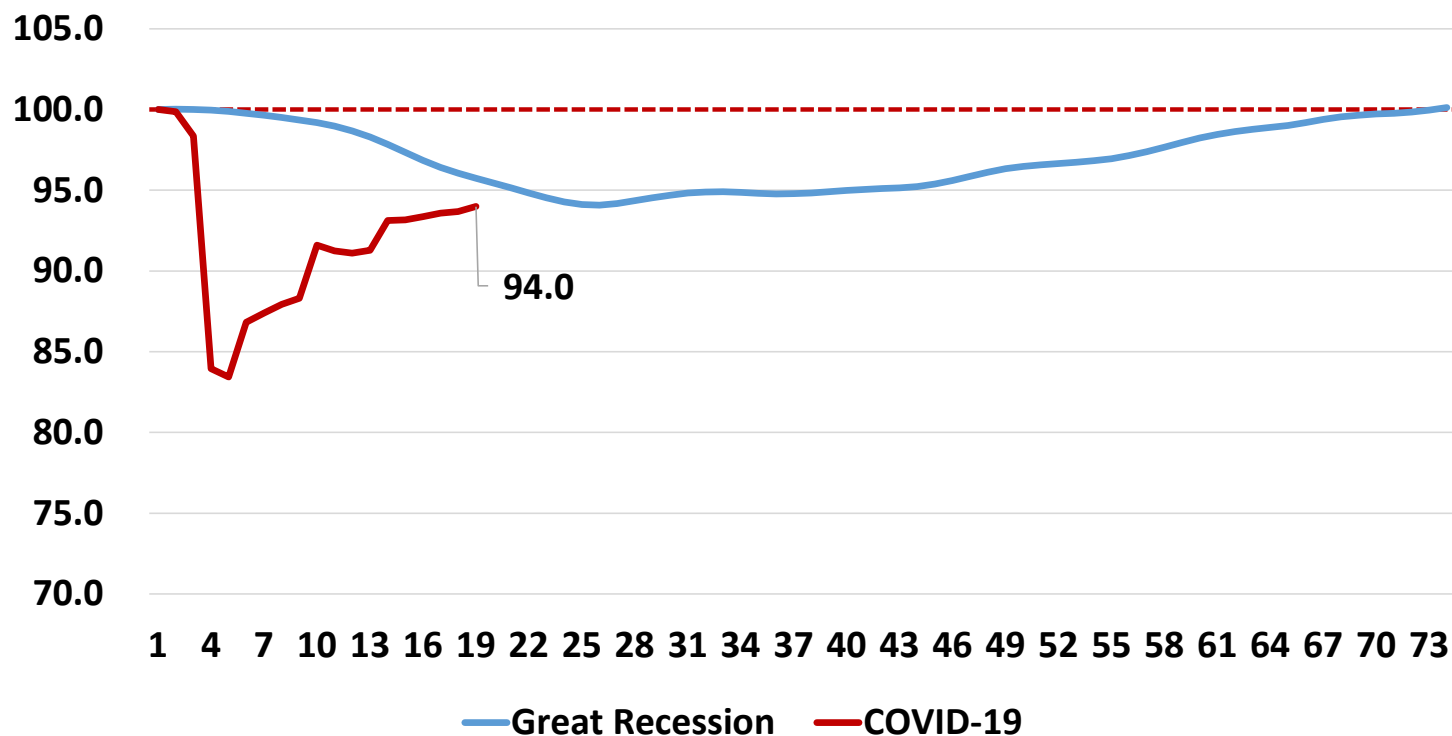
These data show the evolution of the Great Recession versus COVID-19 jobs recovery from the peak month of pre-recession jobs levels. The City of Napa entered the Great Recession later than the US and California economies.

The COVID-19 recovery for city residents has gained more momentum since Dec 2020 and especially March 2021. As of July 2021, 99.5 of the volume of City of Napa residents that were working pre-pandemic are working again.

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 July 2021



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

The Great Recession in California took 73 months to recover the lost volume of workers.

As of July 2021, CA back to 94.0% 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, July 2021 Compared to Dec 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	900	2.3%	1,800	2.6%	-274,000	-1.4%
Civilian Employment	-100	-0.3%	-200	-0.3%	-906,100	-4.9%
Unemployment Rate		5.9%		5.8%		7.9%

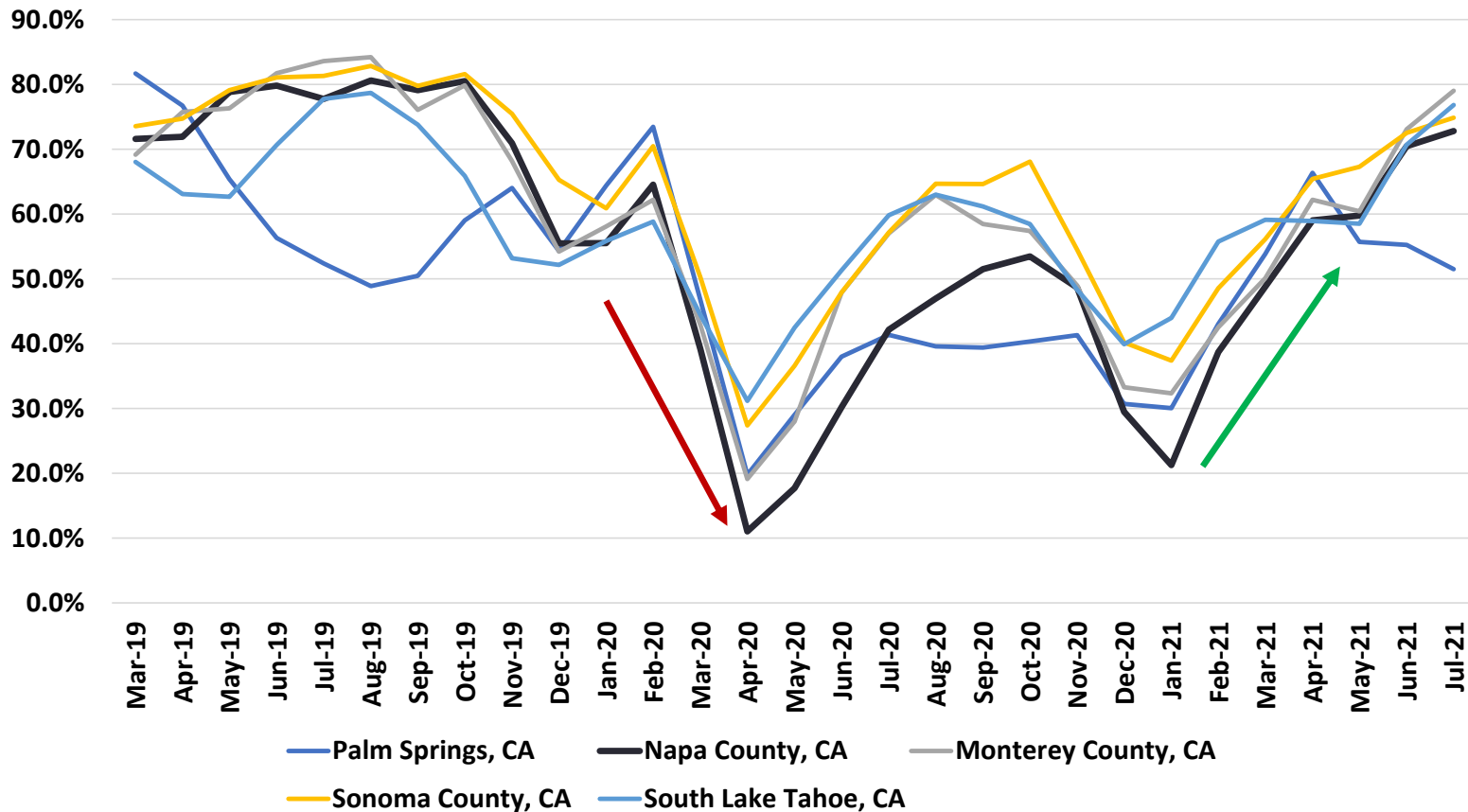
The City of Napa's labor market continues to improve, with the City's residents now back to the same labor-force level and beyond as pre-pandemic.

We are now comparing to Dec 2019 as the end of 2019 where the pandemic had not begin to affect business decision making in theory.

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

Source: California EDD and EFA

Occupancy Rate Evolution May 2019 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 July 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.

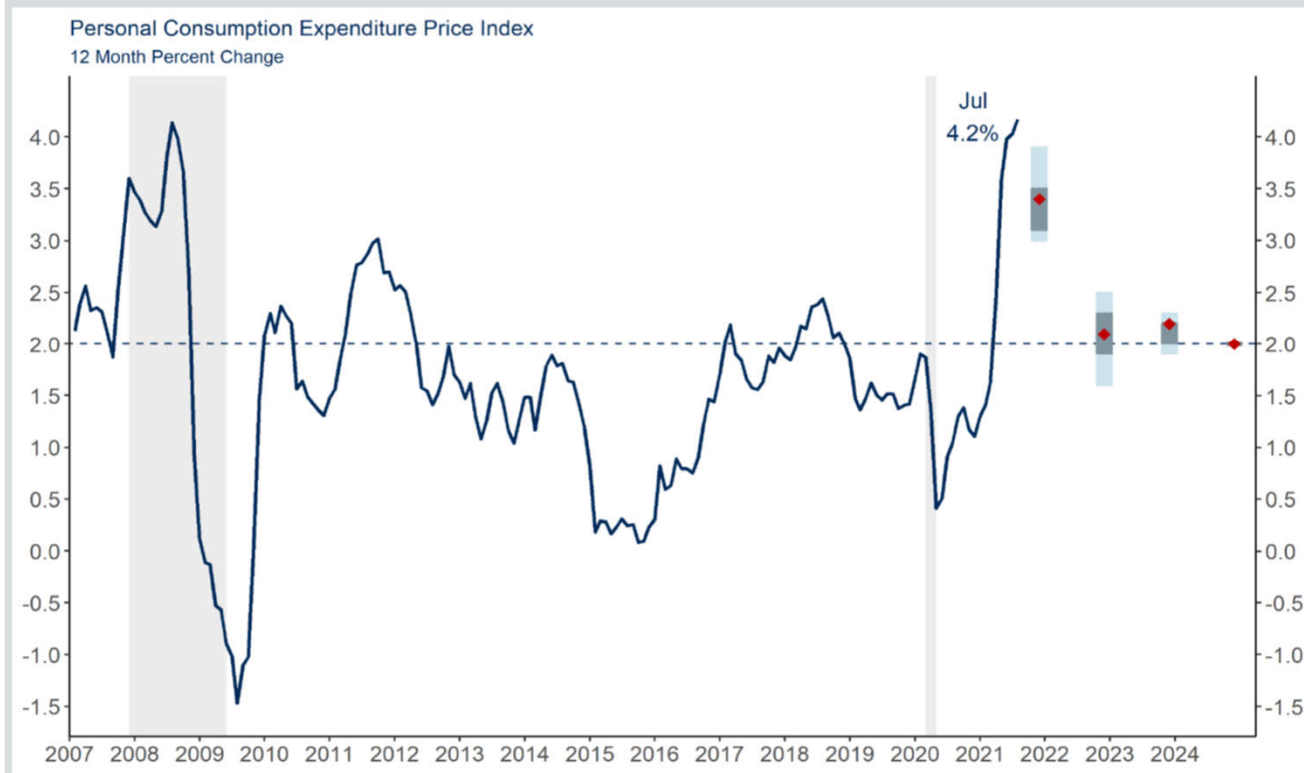
Source: Smith Travel Research and EFA

Inflation: The Latest and Thinking Forward

Shaded Area = Recession, 2007 to 2024



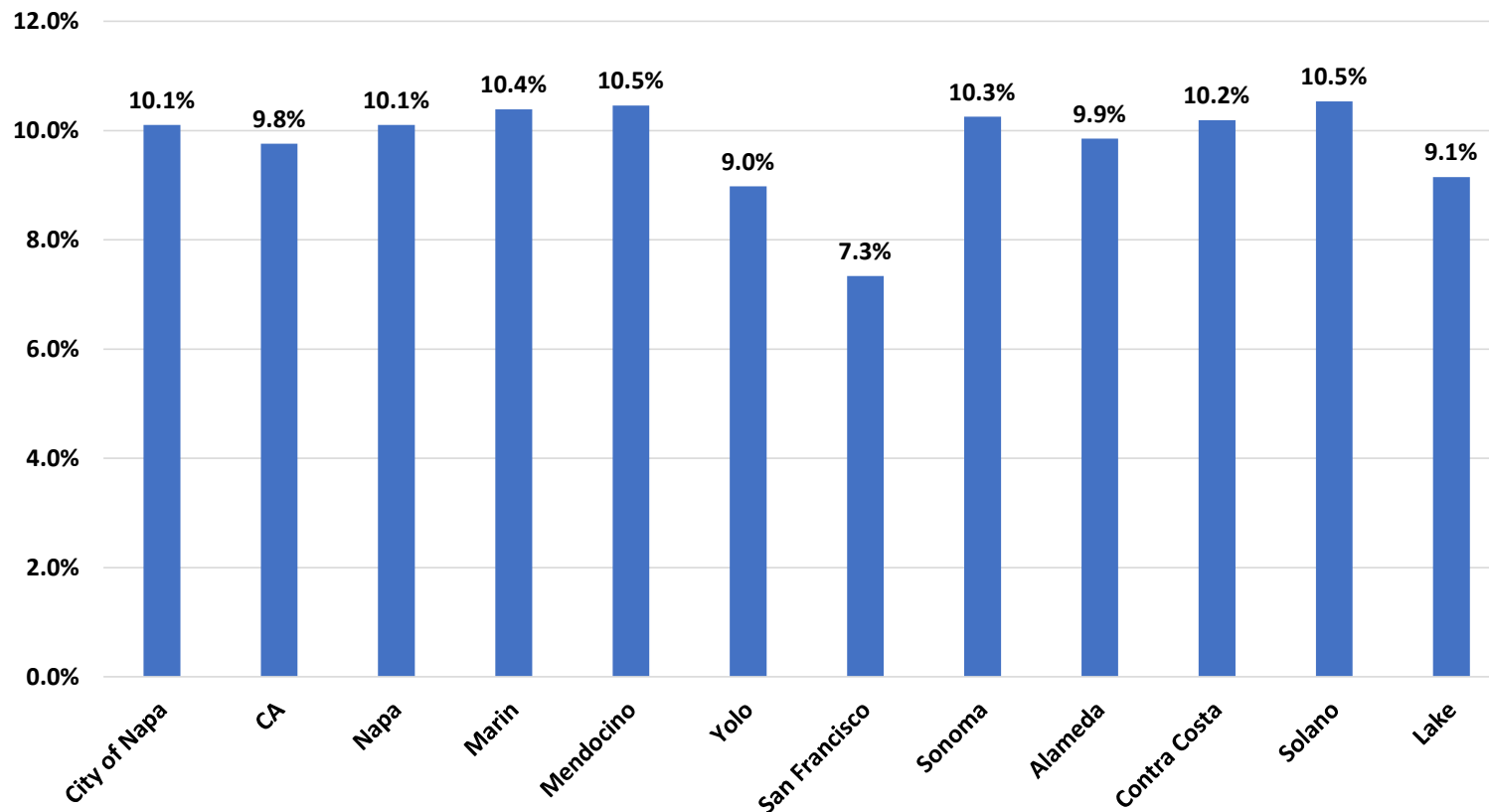
Personal Consumption Expenditure Price Index



Sources: Federal Reserve, Richmond

- 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

Housing Price Forecast, July 2021 to July 2022, % Change, City of Napa, Selected Counties and California



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

We should expect prices and forecasts to begin flattening toward Fall 2021. The listing prices suggest that trend to continue as buying slows down due to rising prices but demand pressure remains as the economy recovers, interest rates remain low, and final decisions about place of work are made in urban areas.

Source: Zillow™ Research and EFA

City of Napa: things to watch

- City of Napa, Sept 2021
 - Continued growth of travelers to City of Napa: helping support many local businesses
 - Local labor markets recovered faster than expected in the first seven months of 2021
 - Watching as the travel season end in Fall 2021 how much change in employment takes place
- Jobs and Economic Recovery in City of Napa and Napa County
 - Jobs in leisure and hospitality continuing to rise, suggesting general recovery in City of Napa
 - The end of unemployment insurance benefits and schools re-opening may provide a workforce for employers struggling to find workers
- Macroeconomic forecasts have been slightly reduced, inflation expectations remain high with some concerns about Fall 2021 and Winter 2022 waves of COVID-19 cases
 - The mix likely leads to 2022 being another year of economic recovery with continued low interest rates and continued uncertainty around COVID-19 cases

Thanks!
Questions?
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