

NAPA: VALLEYS OF CHANGE

COMMUNITY FOUNDATION NAPA VALLEY

NAPA, CA

MAY 2025

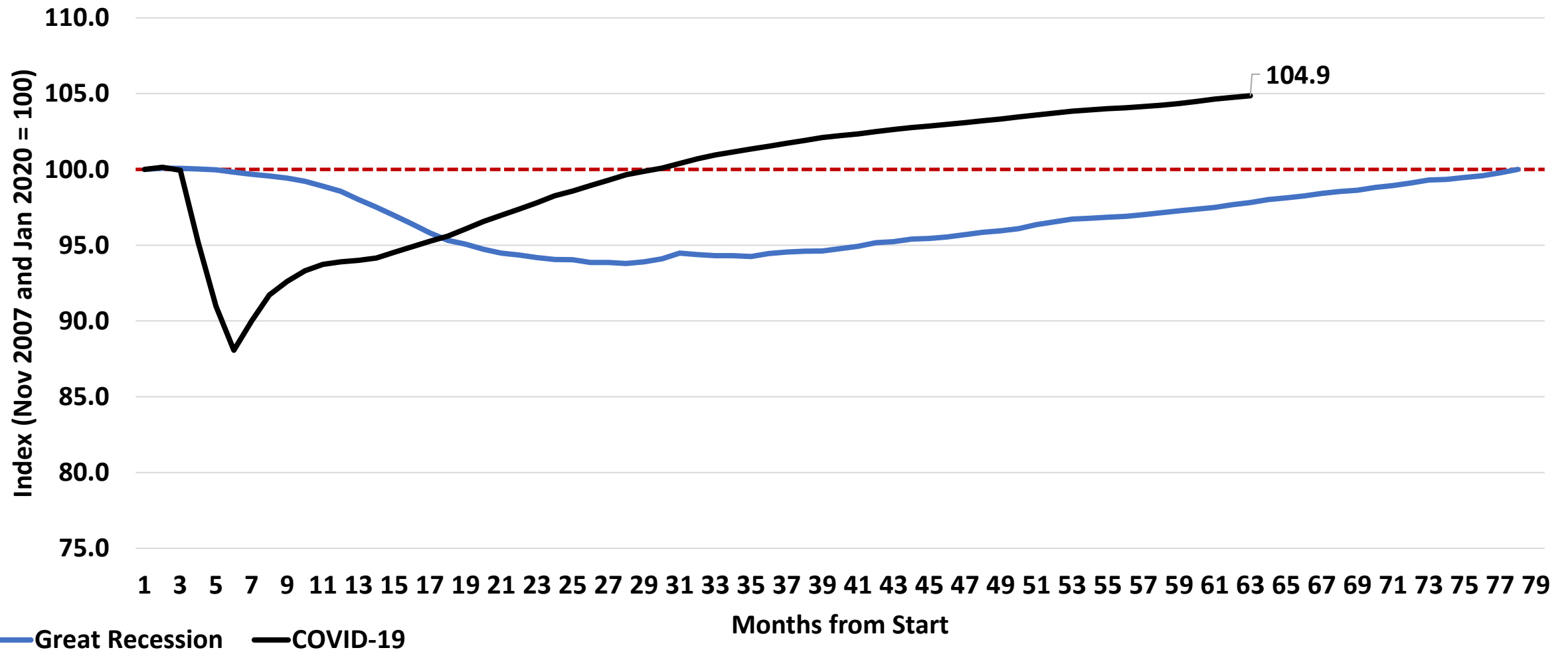
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Employment Recovery Comparison, United States, Great Recession and COVID-19 Recession, Months from Peak Employment, Index Nov 2007 and Jan 2020 = 100, to March 2025



The Federal Reserve and Inflation: Watching and Waiting

Jan 2007 to Feb 2025, Core PCE Inflation (% Change 12 months)

Core Personal Consumption Expenditure Price Index

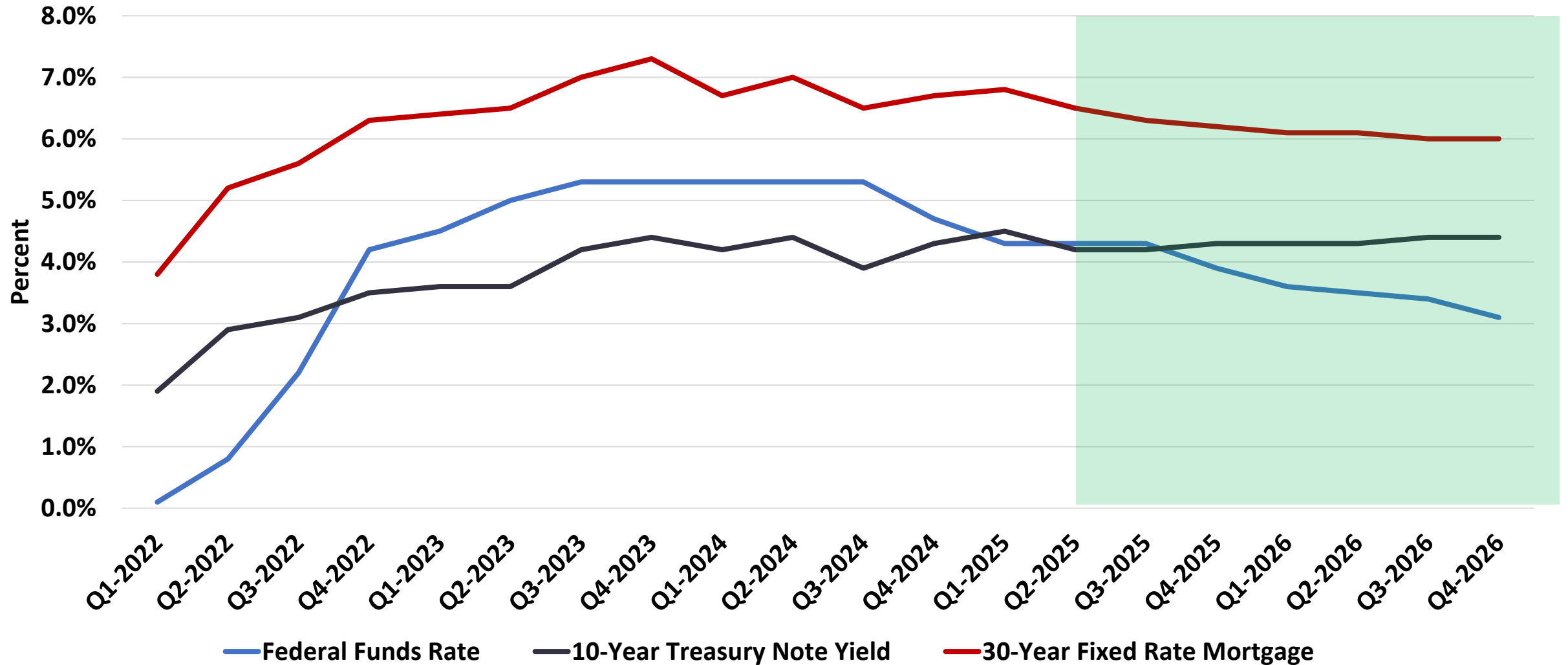


To consider:

Will tariffs/deportations/
uncertainty create more
inflation **in trend**?

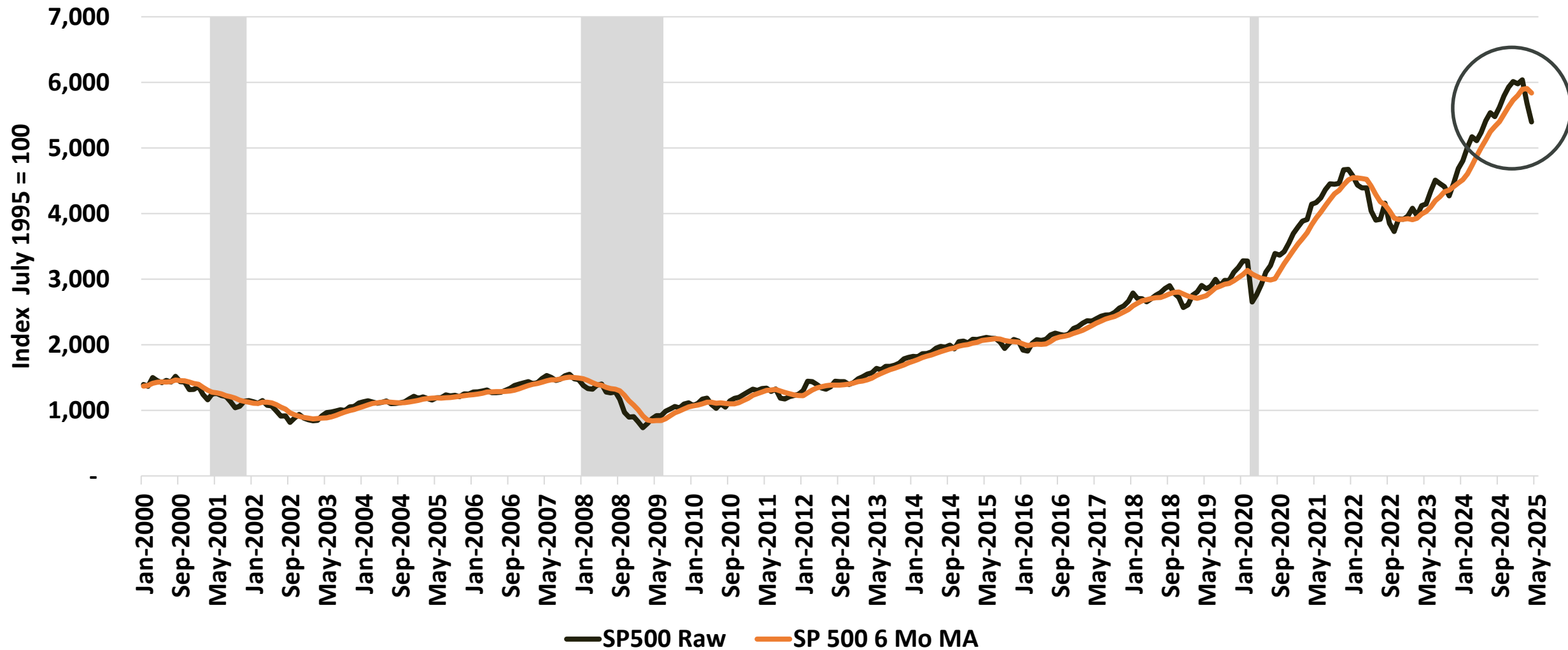
Now 2.6% in March (↓):
really?

Interest Rate Forecast FNMA, Q1 2022 to Q4 2026, Forecast Window = Shaded Area, As of April 2025

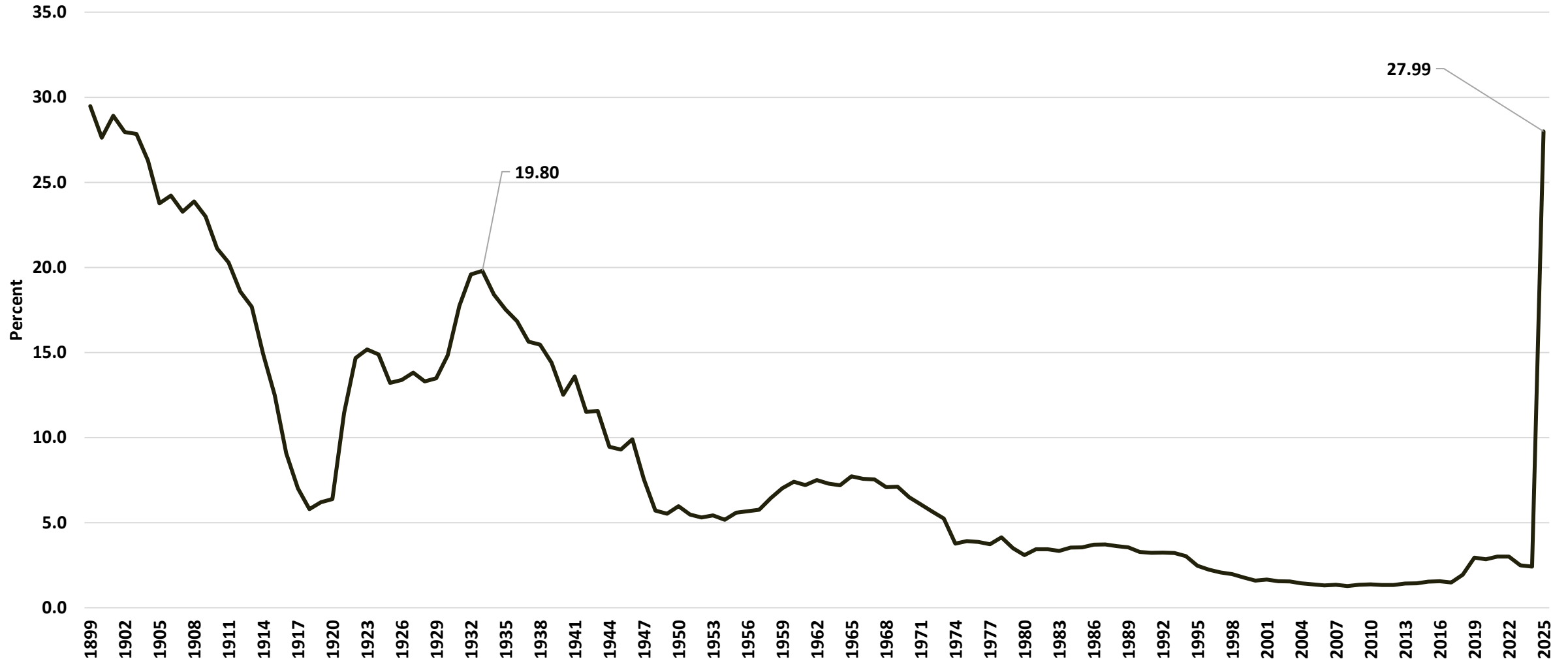


SP500: Investor Jitters or Profit Taking or ?

Index, Jan 2000 to April (30) 2025



The Long View: Effective Average Tariff Rate, US, Percent (%) on all imported goods, World, 1899 – 2025 YTD (April 30)



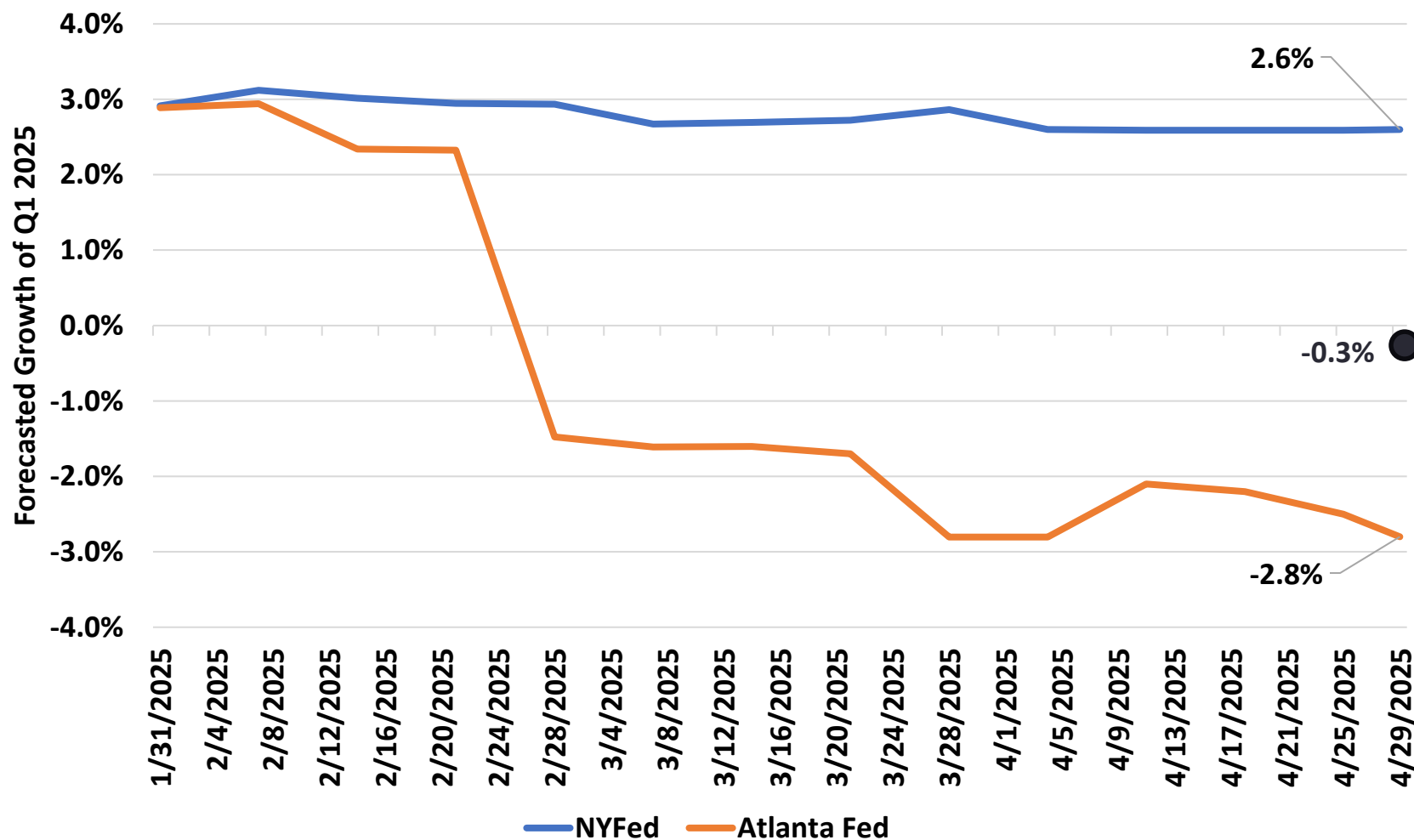
US Macro Forecast

These data are from February 2025: Data from Q4 2024

**Bottom Line: No recession in forecast (20% chance in 2025 for now, 25% for 2026)
Watching for policy recalibration and uncertainty, April 2 set new stage**

	Real GDP (%)		Unemployment Rate (%)		Core PCE Inflation (%)	
	Previous	New	Previous	New	Previous	New
2025	2.2	2.4	4.3	4.2	2.2	2.4
2026	2.1	2.2	4.2	4.2	2.1	2.3
2027	2.1	1.8	4.1	4.3	N/A	2.1
2028	N/A	2.0	N/A	4.3	N/A	N/A

With that Said...High-Freq Forecasts for Q1 2025, GDP 2017 \$ (NY FED and Atlanta FED)



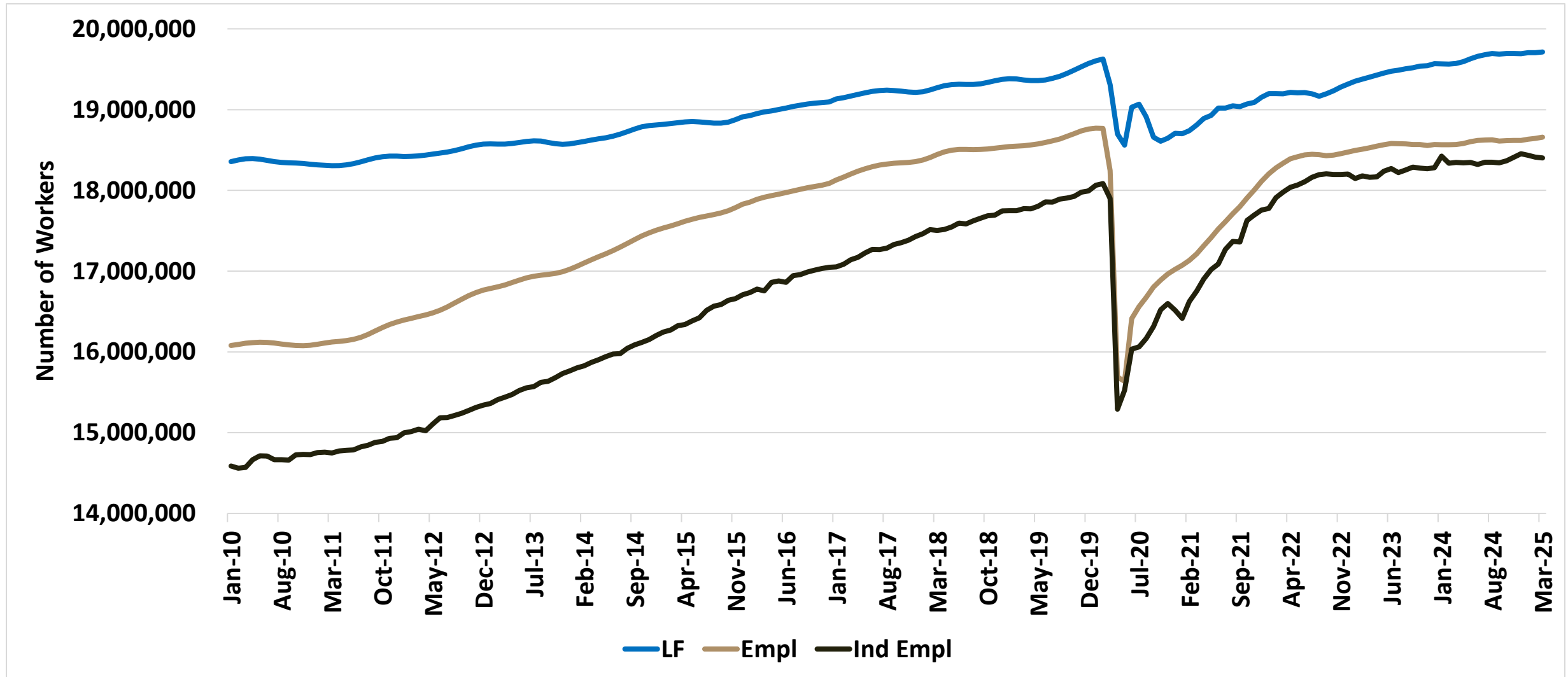
NY Fed: no real changes yet, as of March 28

Atlanta Fed: sharp change after Feb 21

- On Feb 21: Tariff threats on Western Europe announced
- On Feb 25: Copper tariffs threatened
- On March 4: main trading partners increased
- On April 2: all trading partners, with some differences

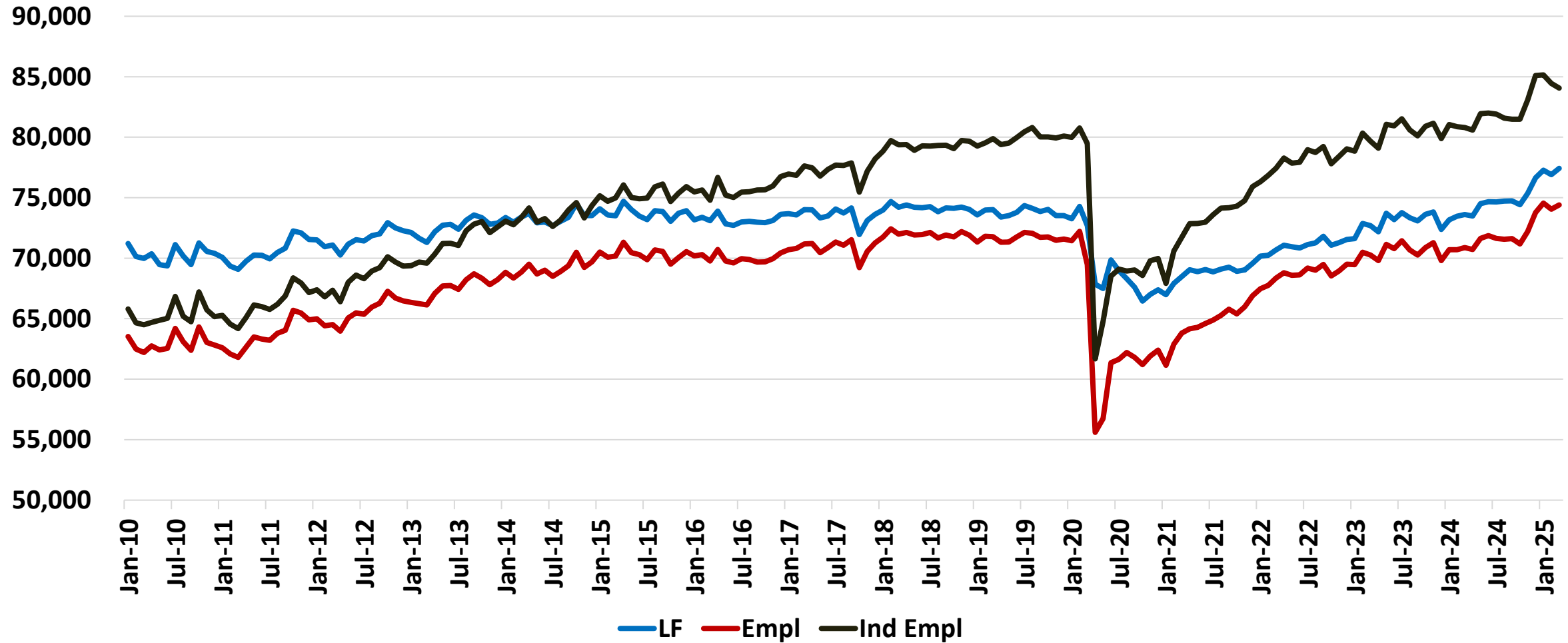
Employment and Labor Force Comparisons, California

January 2010 to March 2025, Seas Adj

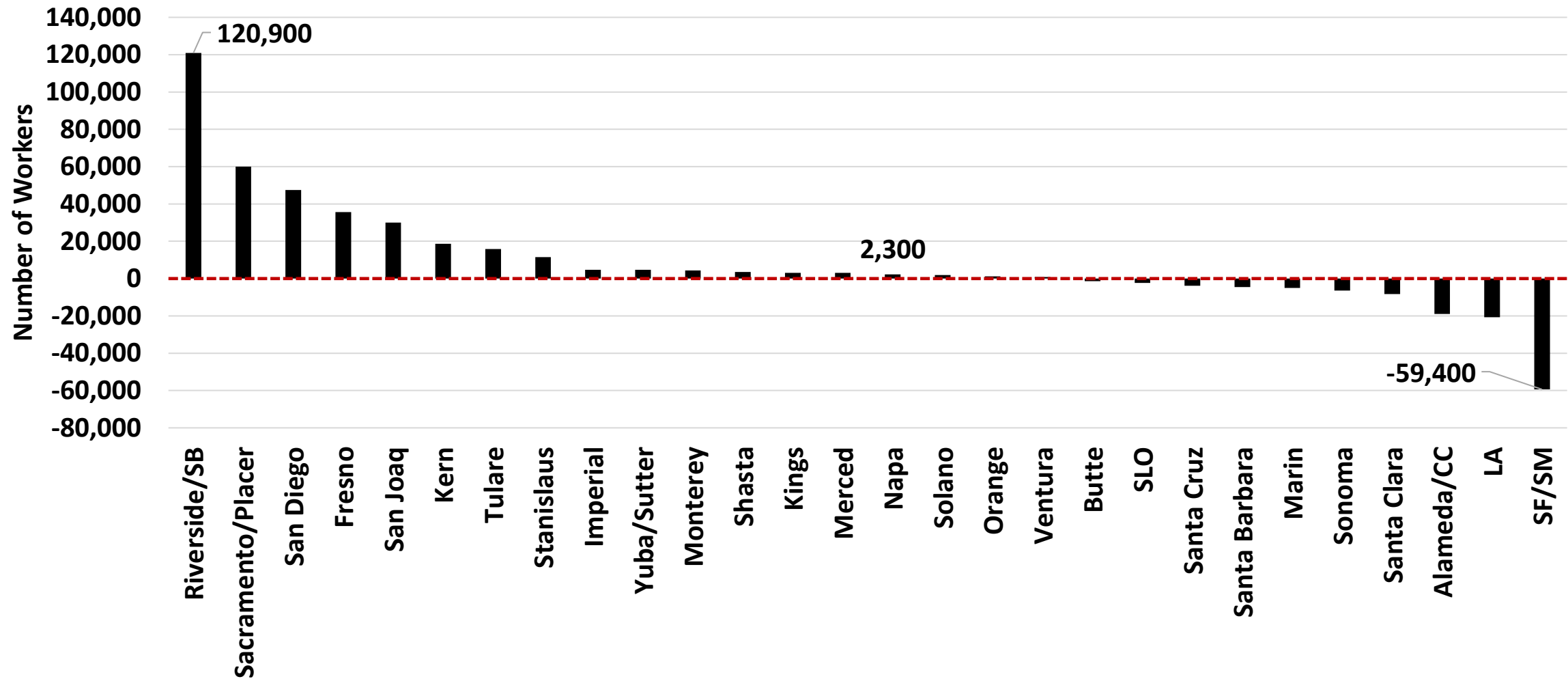


Employment and Labor Force Comparisons, Napa County

Jan 2010 to March 2025, Seas Adj

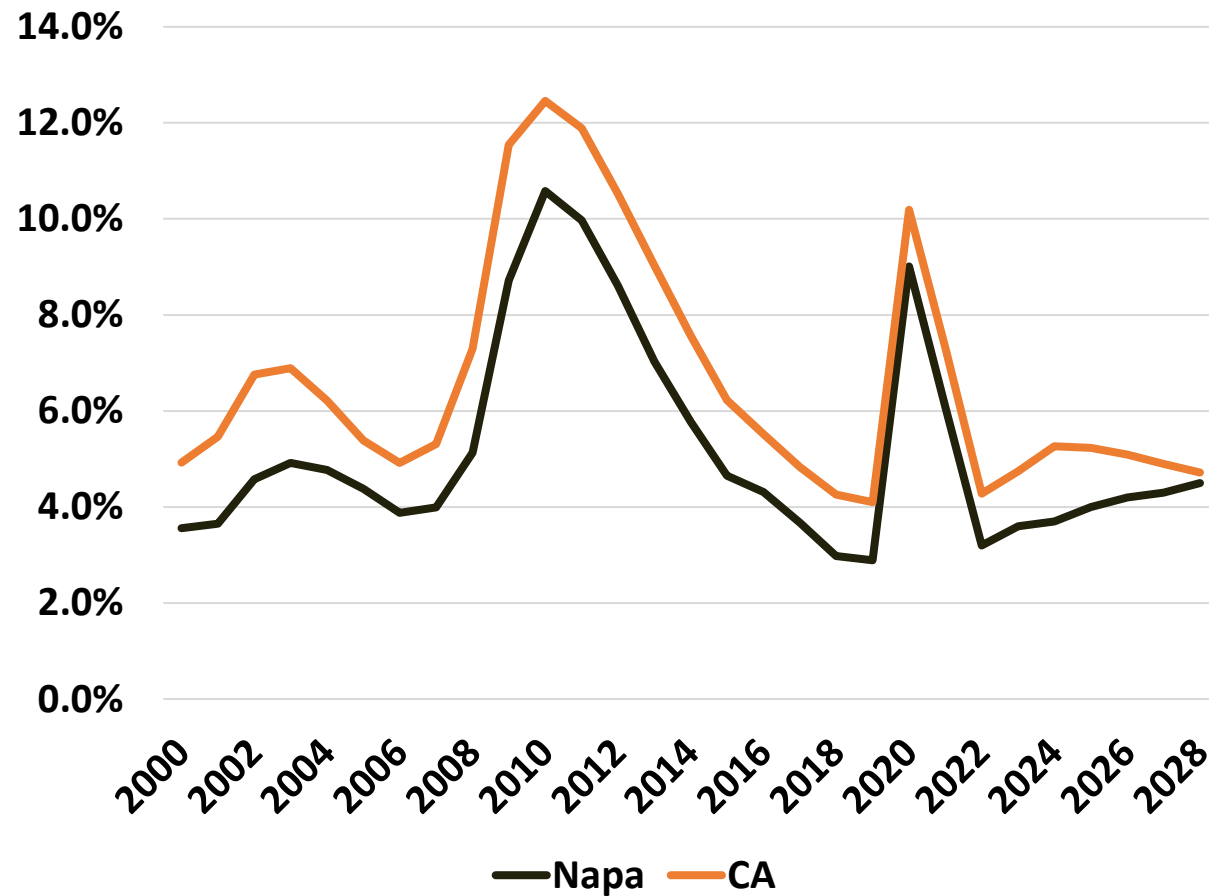


MSA Changes, Employment, Jan 2020 to Jan 2025, Number of Workers

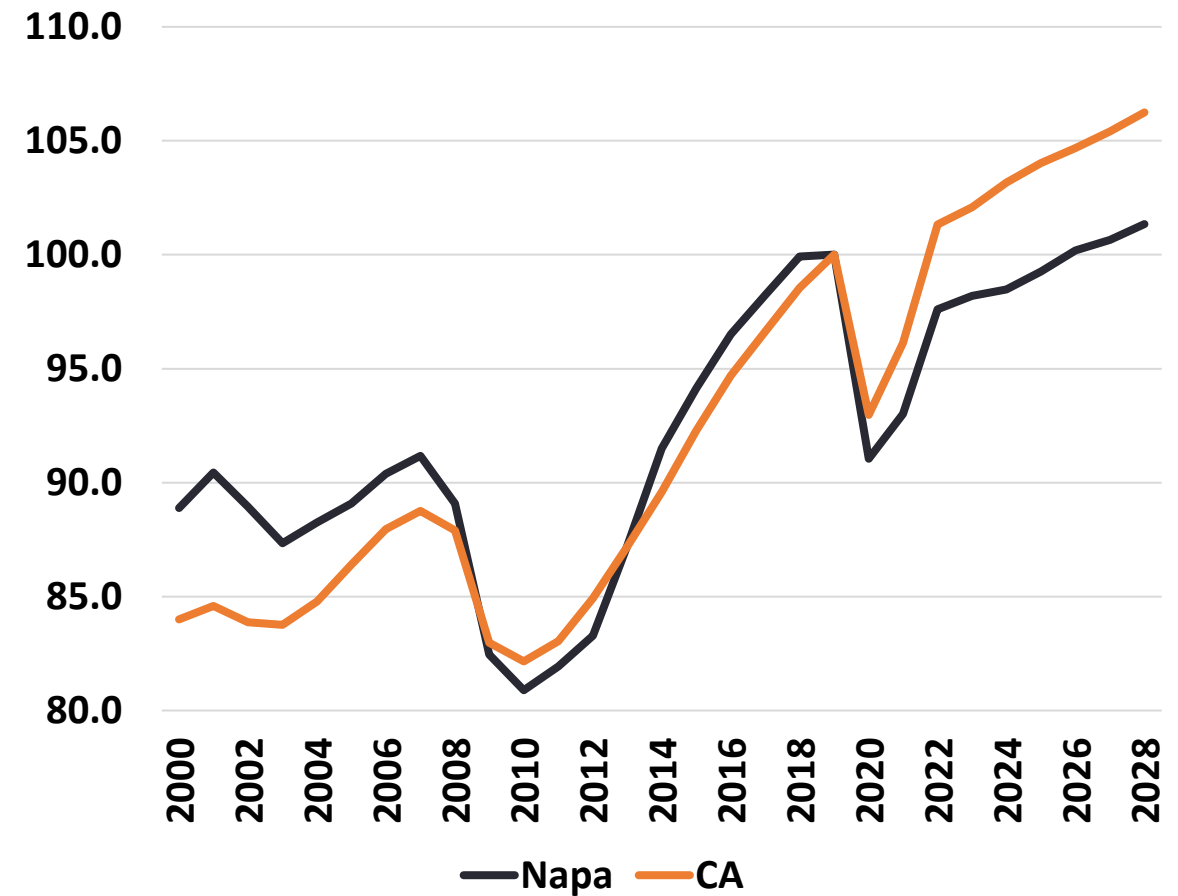


Forecasts for Napa County to 2028: Unemployment Rate and Local Hiring, Napa and California

Unemployment

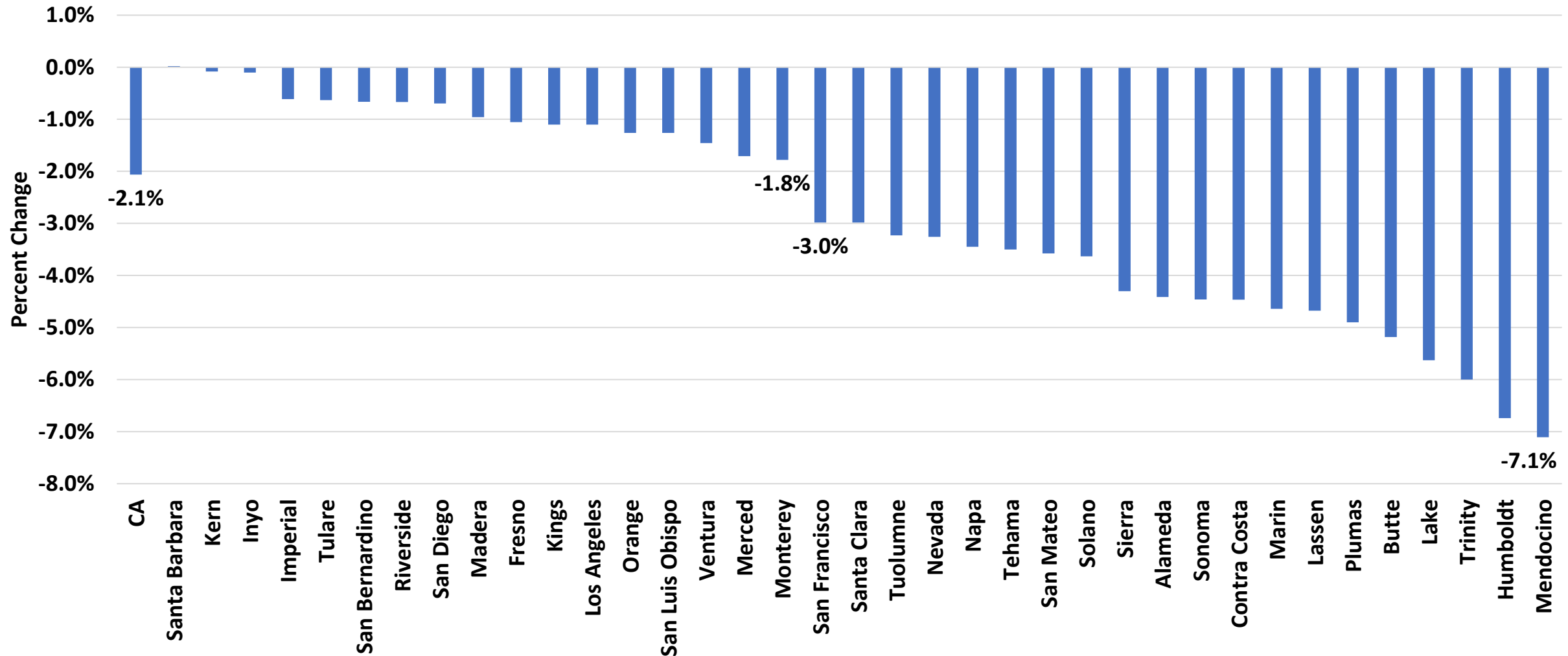


Industry Employment



Housing Forecast, % Change to March 2026, As of March 2025

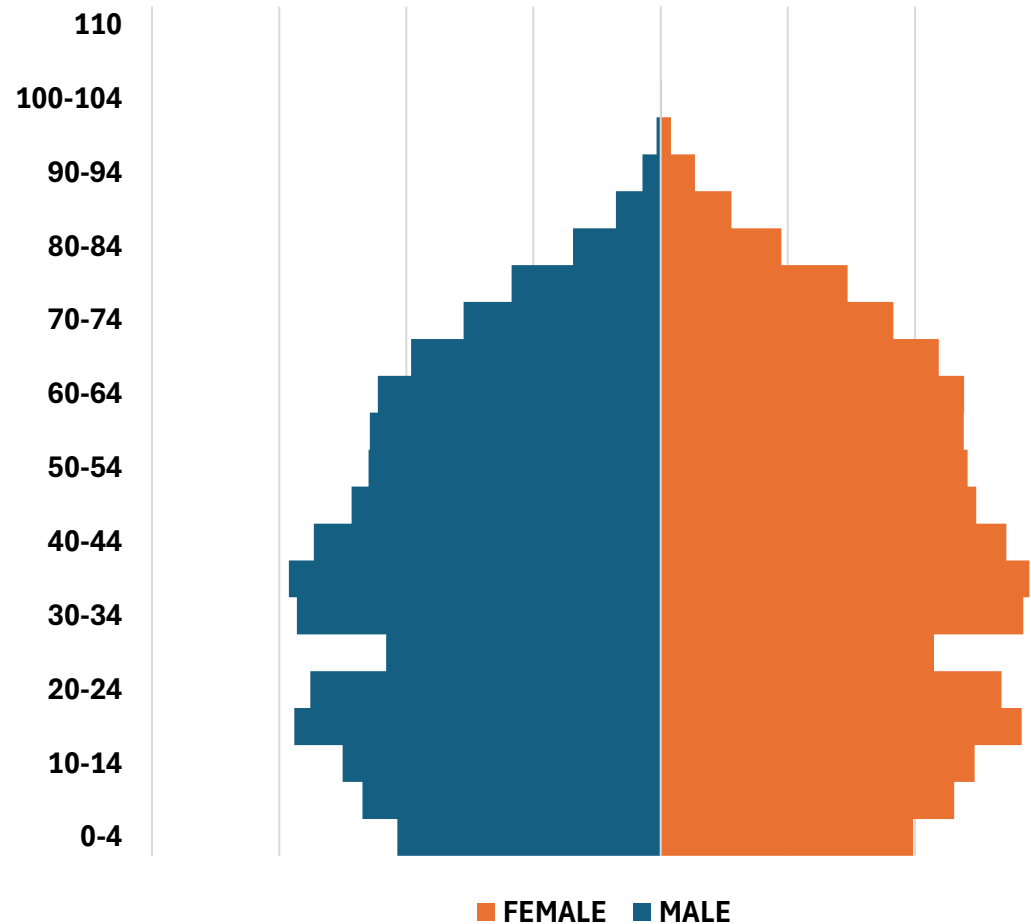
Median Home Price Growth, Selected Areas (others between Monterey and SF)



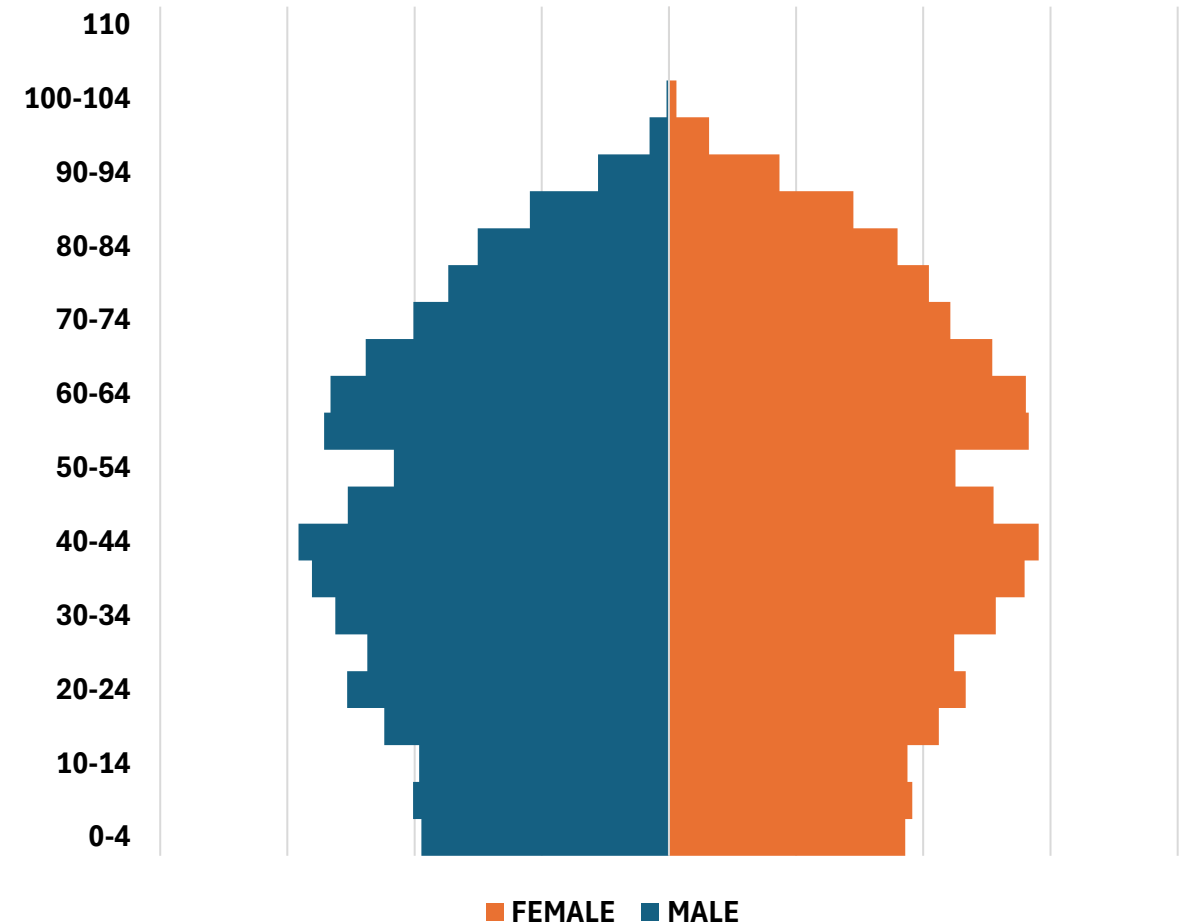
Population Change, 2025 and 2050, California

As of October 2024

CA 2025

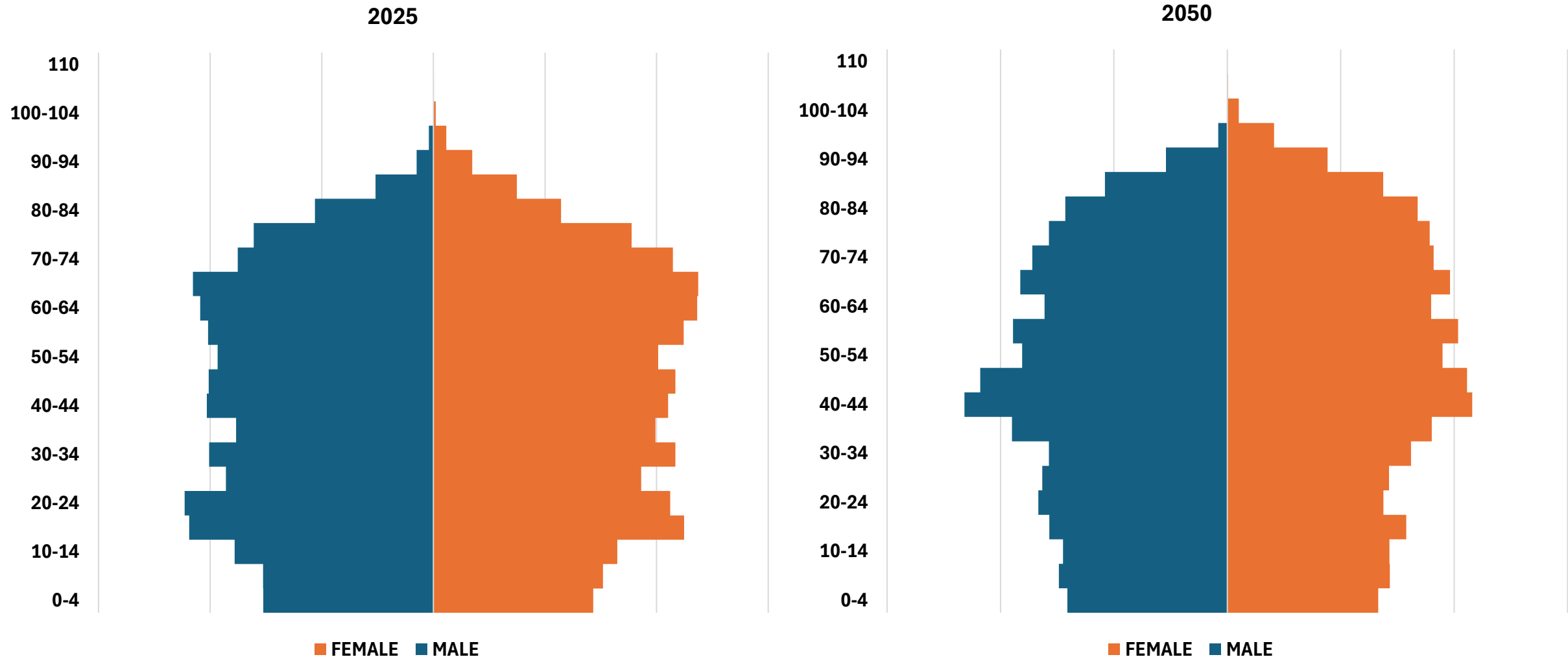


CA 2050



Population Change, 2025 and 2050, Napa

As of October 2024



FEMALE MALE

FEMALE MALE

Napa Watchlist: Wine Industry, Tariffs and Structural Shifts

Tariffs:

- American farmers generally losing since April 2
- US vineyards and wineries may gain: import competition contracting
- New world wines worse off than old world
- Wine consumers worse for sure: higher prices, less choice

Structural Change:

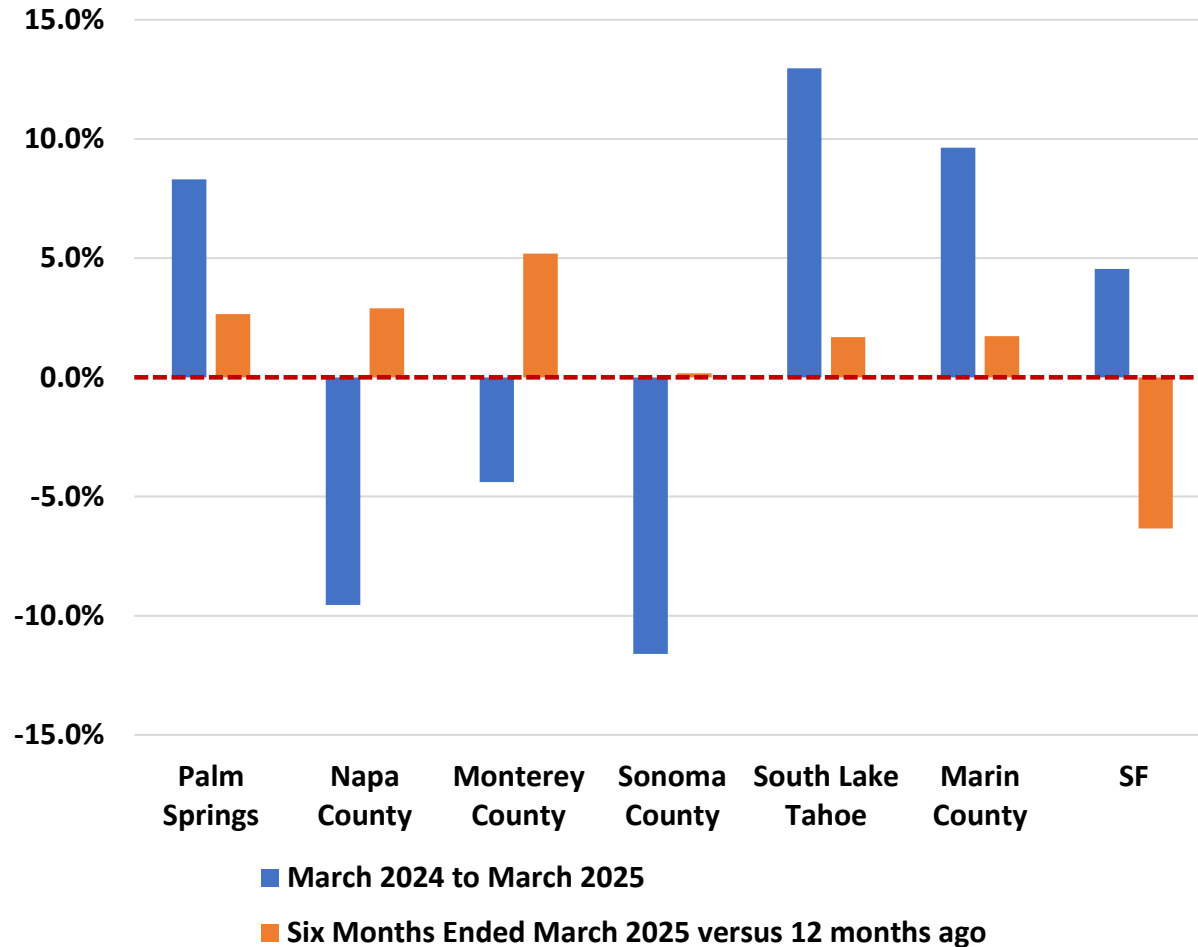
- Gen Z and Gen α moving away from alcohol? Wine too? Really?
- For Napa, tourism shock coming? Napa's tourism diversity may help
- Reduced innovation
- Upvalley versus Downvalley: cooperate not compete

Source: Sovos/ShipCompliant

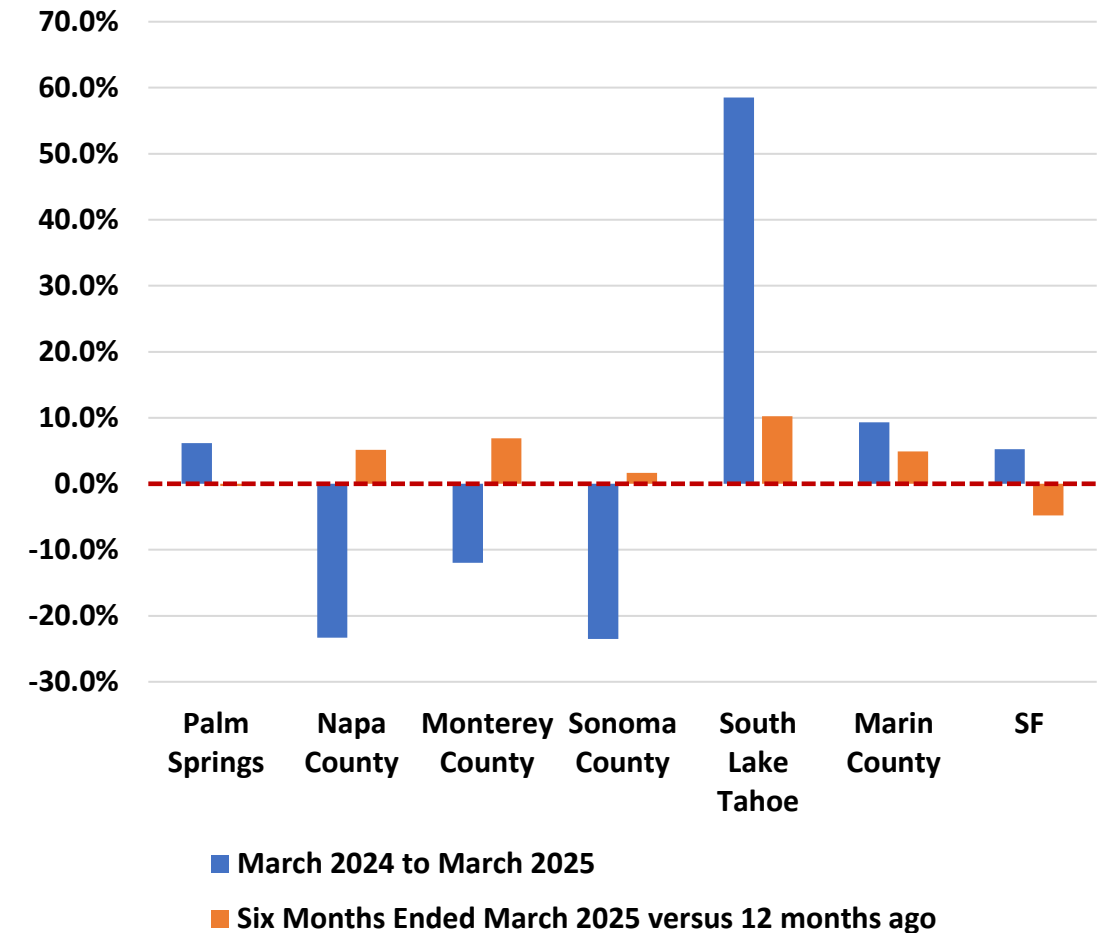


Napa Watchlist: Travel

Occupancy Rate % Changes, March 2025

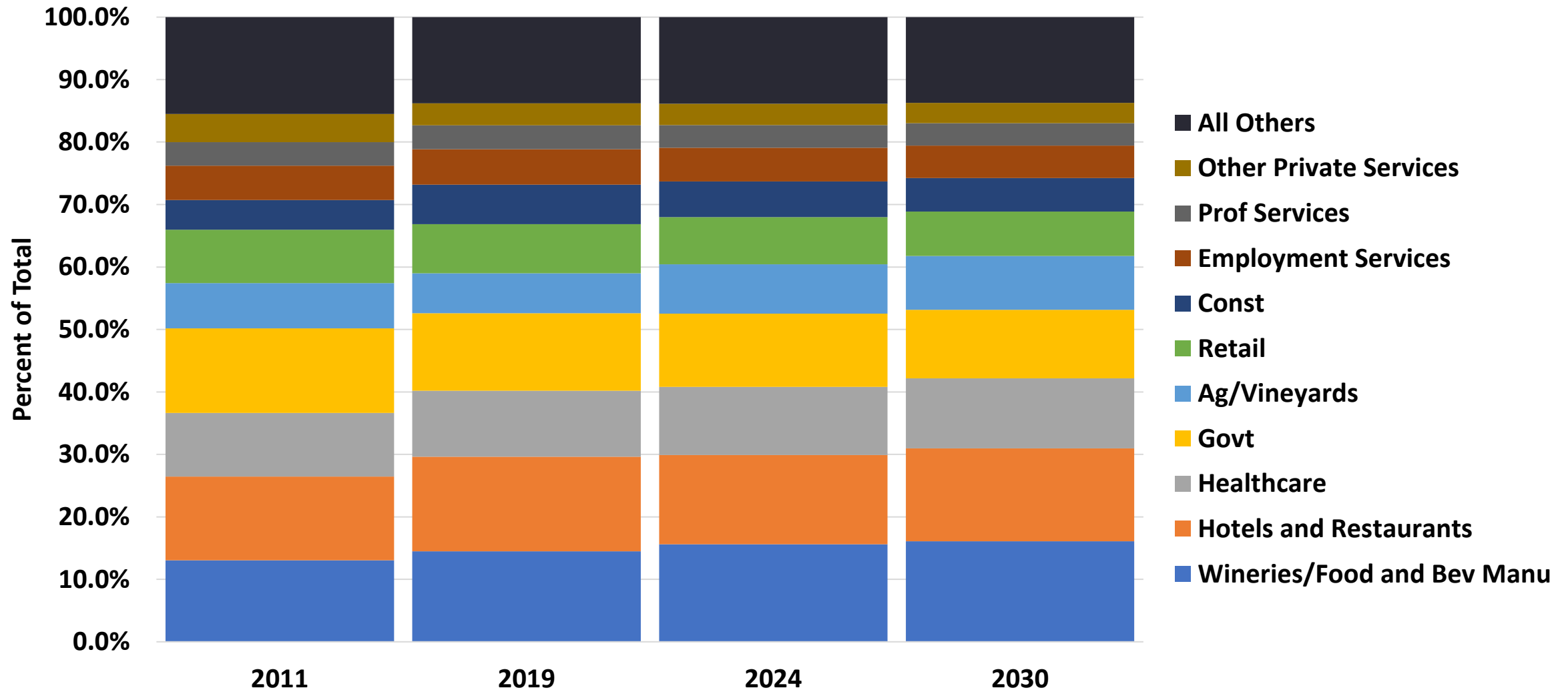


RevPAR % Changes, March 2025

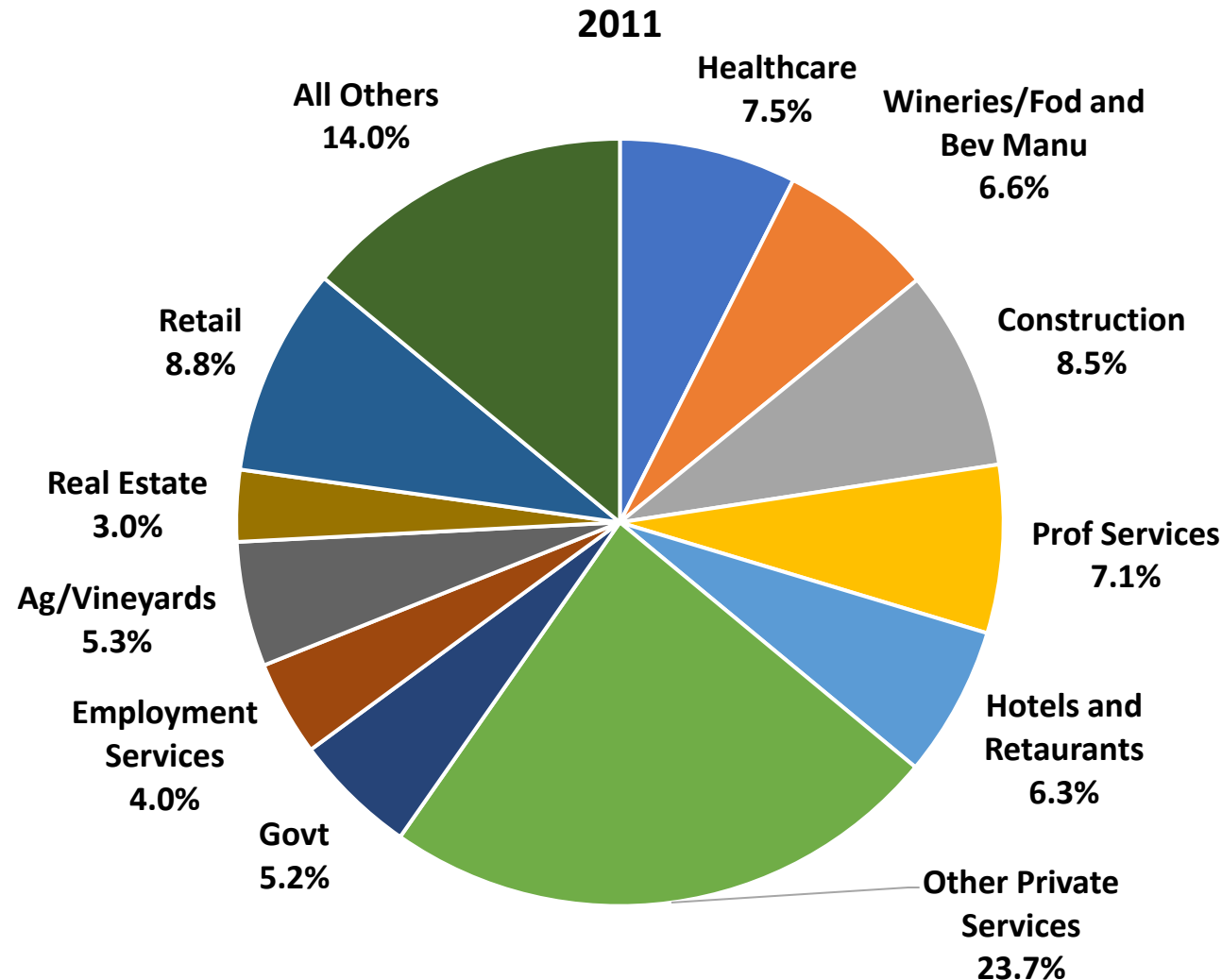


Napa Watchlist: Employee Diversity

Industry Mix, % of Total, 2011 - 2024



Napa Watchlist: Employer Diversity



Shift to healthcare in terms of local businesses

Tourism more substantial also: wineries (including tasting rooms/wine bars), restaurants and hotels

Professional services following growth and wealth

Can Napa be a place for Bay Area stalwarts such as tech, life sciences?

Does it want to be?

The Road Ahead

National picture gloomier and may directly affect Napa's two key industries hard (recession more likely, but not yet pre-ordained by 2026)

- Assume costs will rise, perhaps slowly
- Assume equity markets do play a role in travel behavior

For Napa: Star of the North Bay (county level Bay Area) since 2011

- Travel and wine: can Napa attract two key population segments parallel?
- Diversification: regional niche and workforce the big questions
- Healthcare maybe creeping up on wine as important to Napa economy
- Housing and commuting to big continuing issues: can rail and expanded air service come to Napa/American Canyon?

Thanks!
Questions?
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