

NAPA COUNTY: ECONOMIC OUTLOOK

NAPA, CA

JANUARY 2025

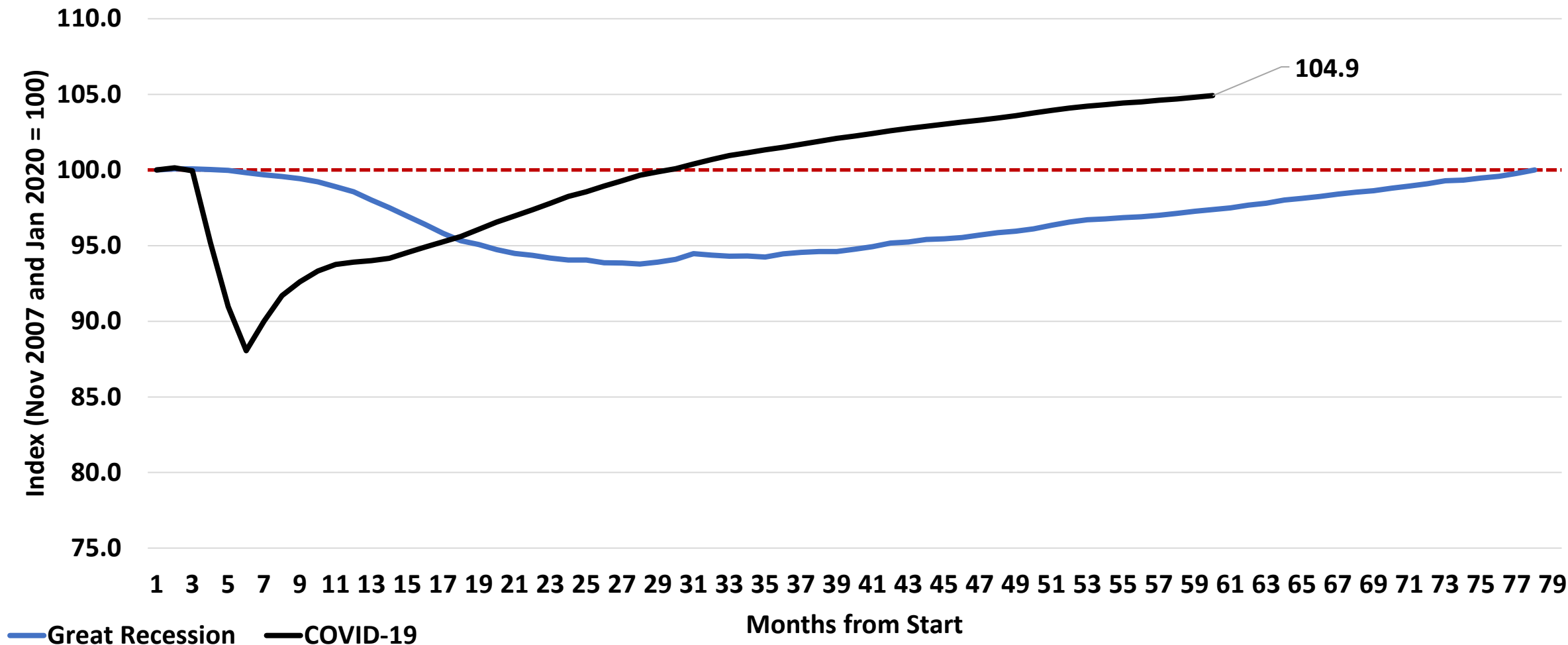
Robert Eyler, PhD

President, Economic Forensics and Analytics Inc.

Professor, Economics, Sonoma State University

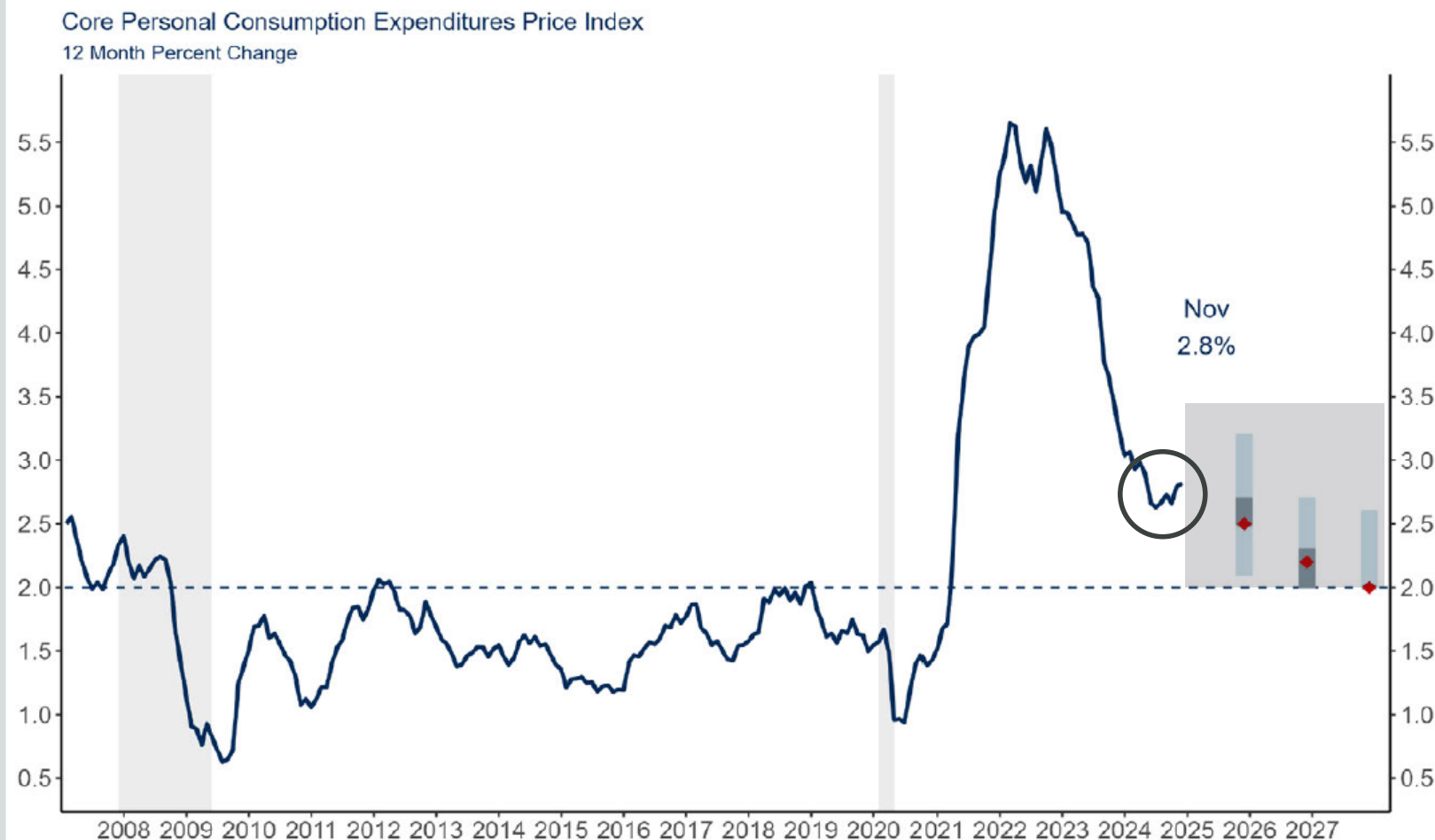
eyler@econforensics.com

Employment Recovery Comparison, United States, Great Recession and COVID-19 Recession, Months from Peak Employment, Index Nov 2007 and Jan 2020 = 100, to December 2024



The Fed in 2025 and 2026: How Many Cuts?

Watch This Index, Jan 2007 to Nov 2024, Core PCE Inflation

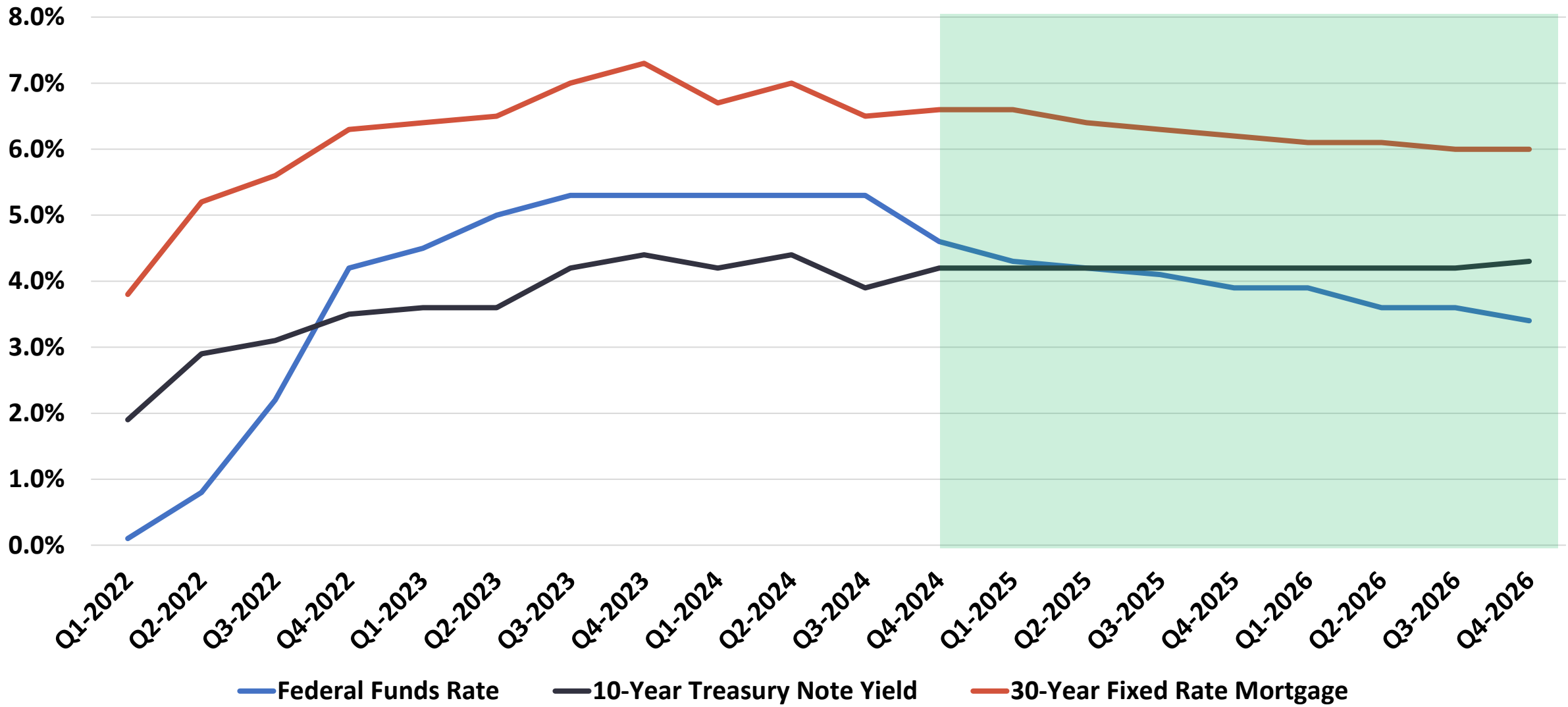


To consider:

Will the interest rate path change with assumed inflation if policy becomes inflationary?

Notes: FOMC projection is the median, range, and central tendency for Q4/Q4 percent changes, from the December 2024 meeting. Red dots indicate median projections.

Interest Rate Forecast FNMA, Q1 2022 to Q4 2026, Forecast Window = Shaded Area



Source: Fannie Mae (FNMA)

Federal Reserve Philadelphia

Forecast, Survey of Professional Forecasters

These data are from November 2024: pre-election, Q3 2024 data

Bottom Line: No recession in forecast (15% chance in 2025 for now), rate watch on

Real GDP (%)

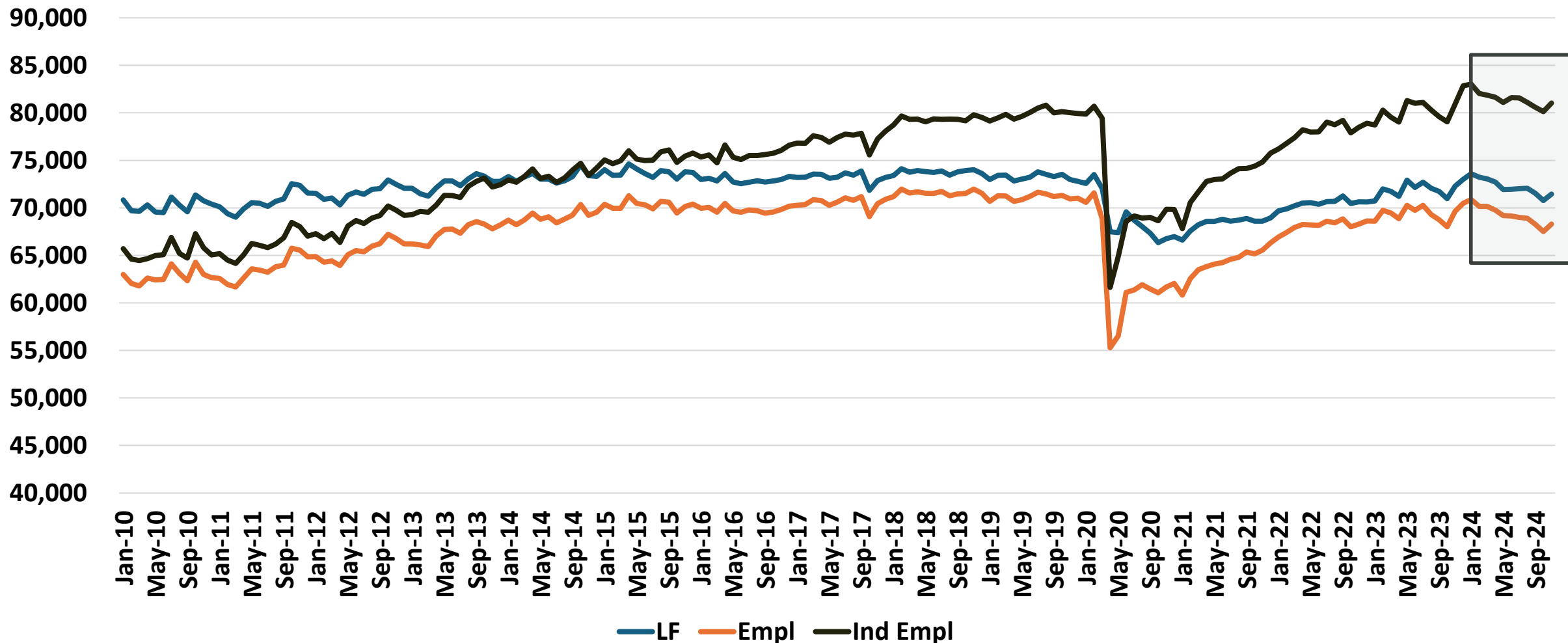
Unemployment Rate (%)

Core PCE Inflation (%)

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

	Real GDP (%)		Unemployment Rate (%)		Core PCE Inflation (%)	
	Previous	New	Previous	New	Previous	New
2024	2.6	2.7	4.1	4.0	2.8	2.7
2025	1.9	2.2	4.3	4.3	2.2	2.2
2026	2.3	2.1	4.2	4.2	2.0	2.1
2027	2.0	2.1	4.2	4.1	N/A	N/A

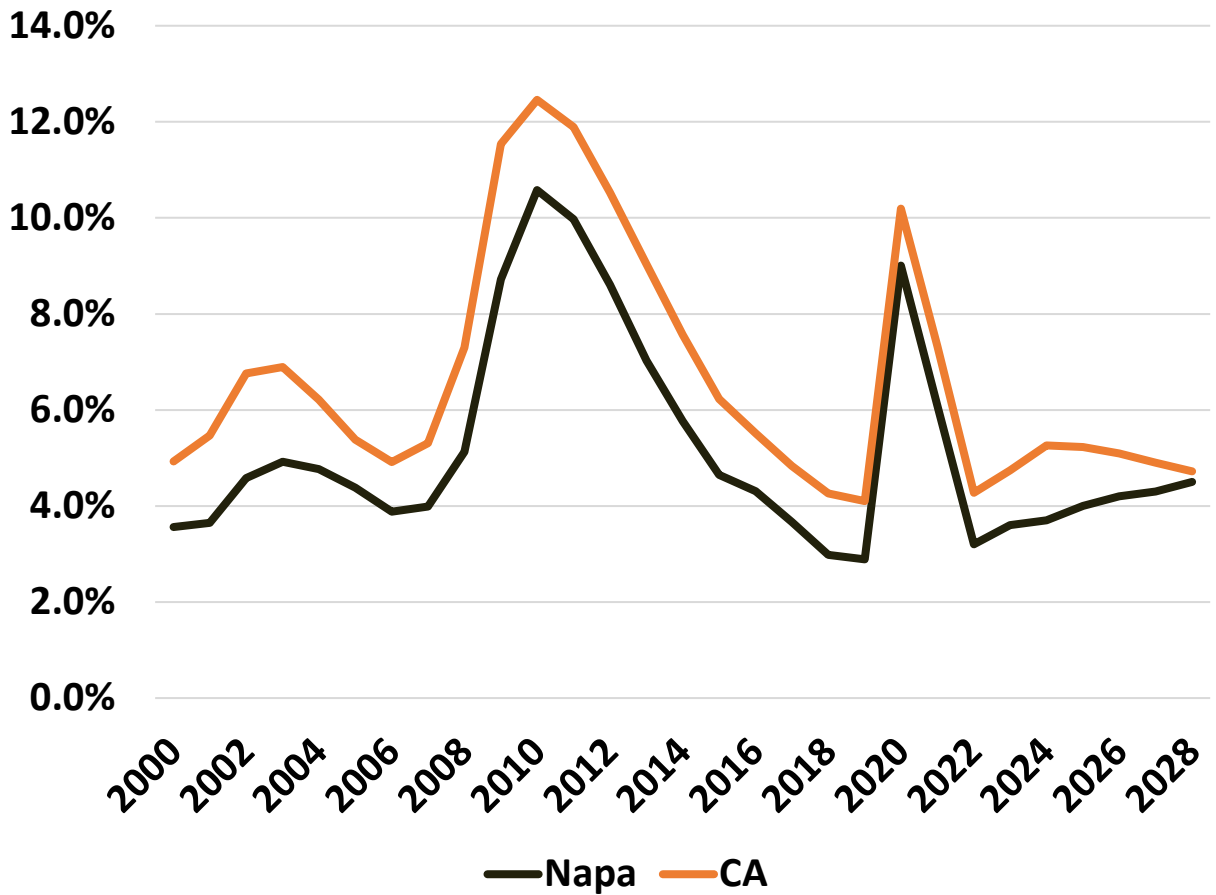
Employment and Labor Force and Local Hiring, Napa County, Number of Workers, Jan 2010 to Nov 2024, Seasonally Adjusted



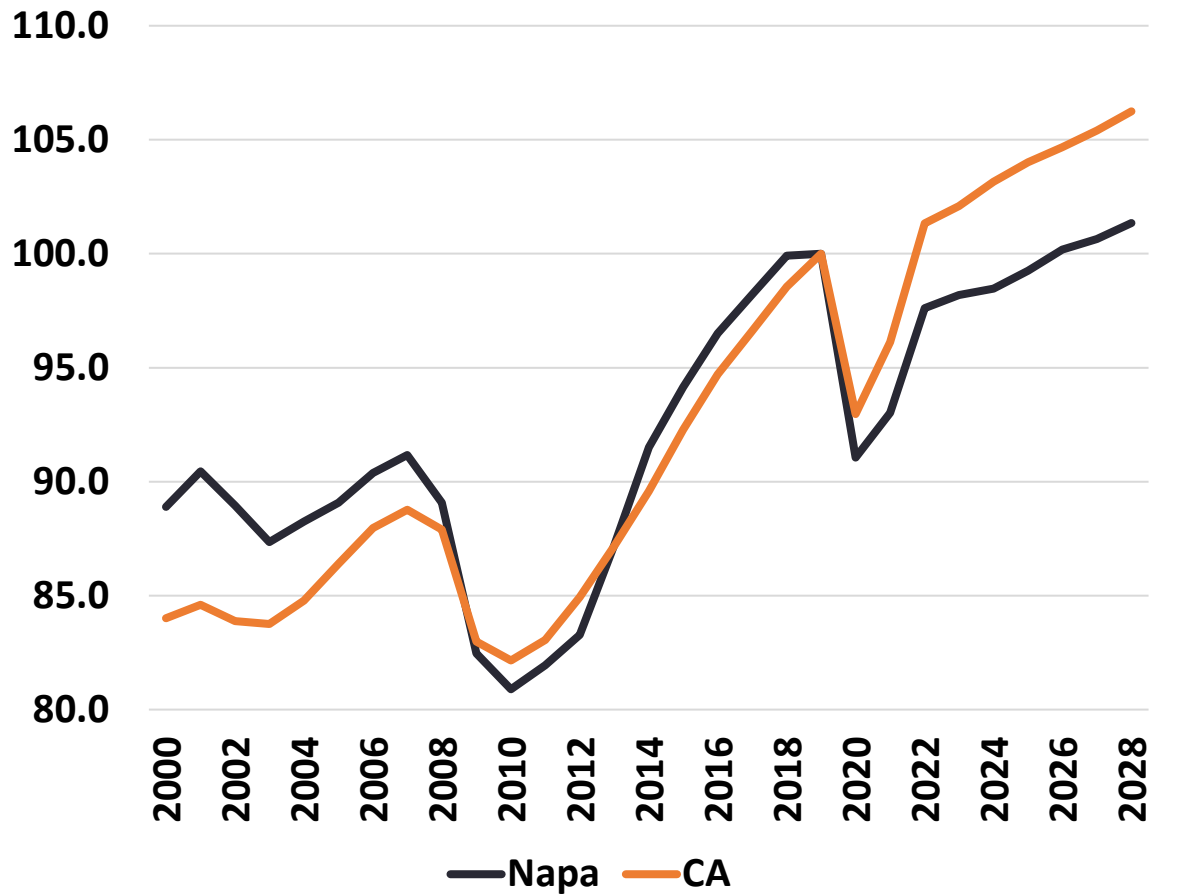


Forecasts for Napa County to 2028: Unemployment Rate and Local Hiring, Napa and California

Unemployment



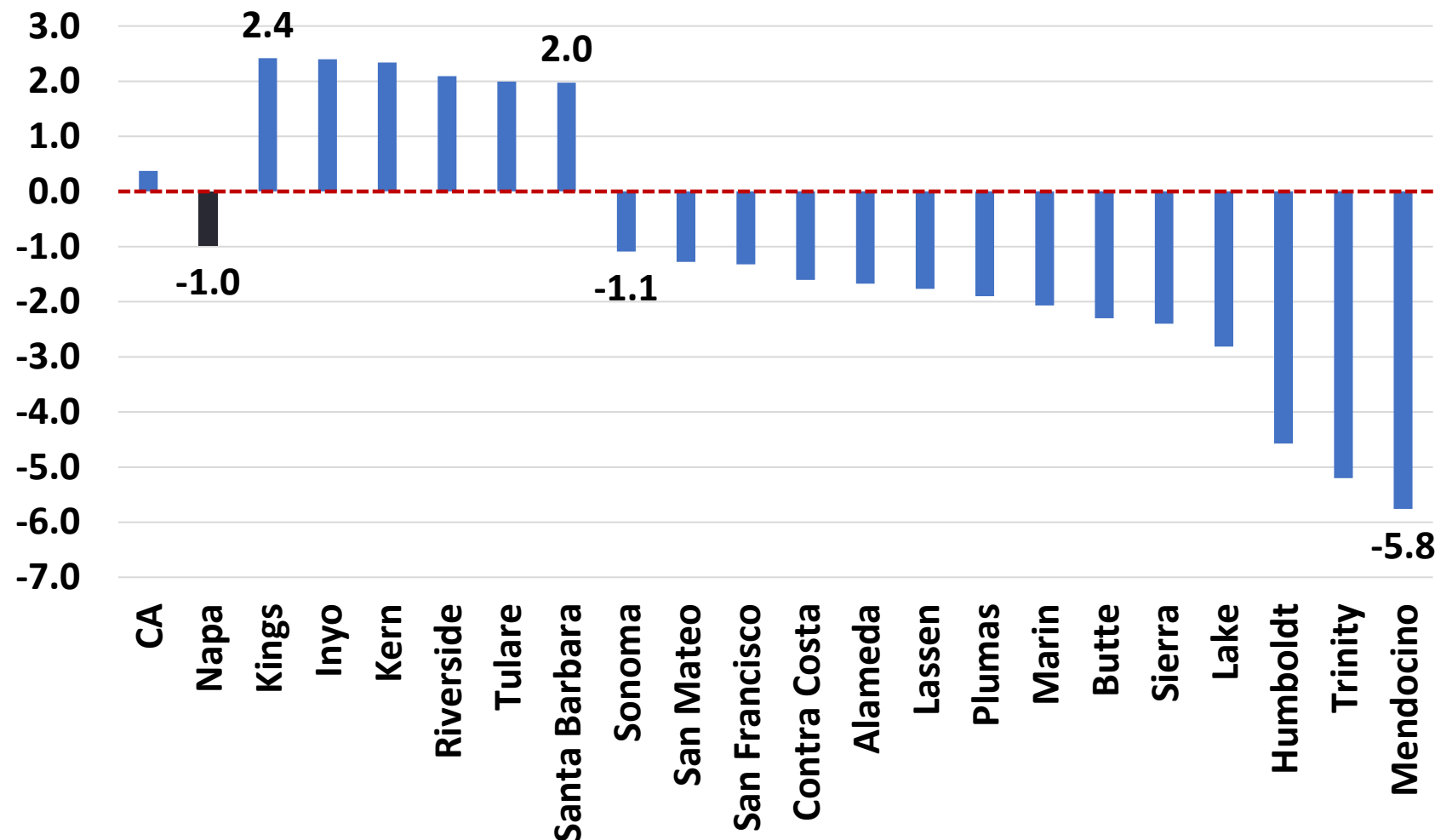
Industry Employment Locally



Source: California Department of Finance

Forecasted Median Housing Price Growth, to December 2025

% Change: Napa, CA and Selected Counties



Prices, Dec 2024

Median Home Prices:

Napa = \$889,700 (-0.4%)

Sonoma = \$797,700 (+0.7%)

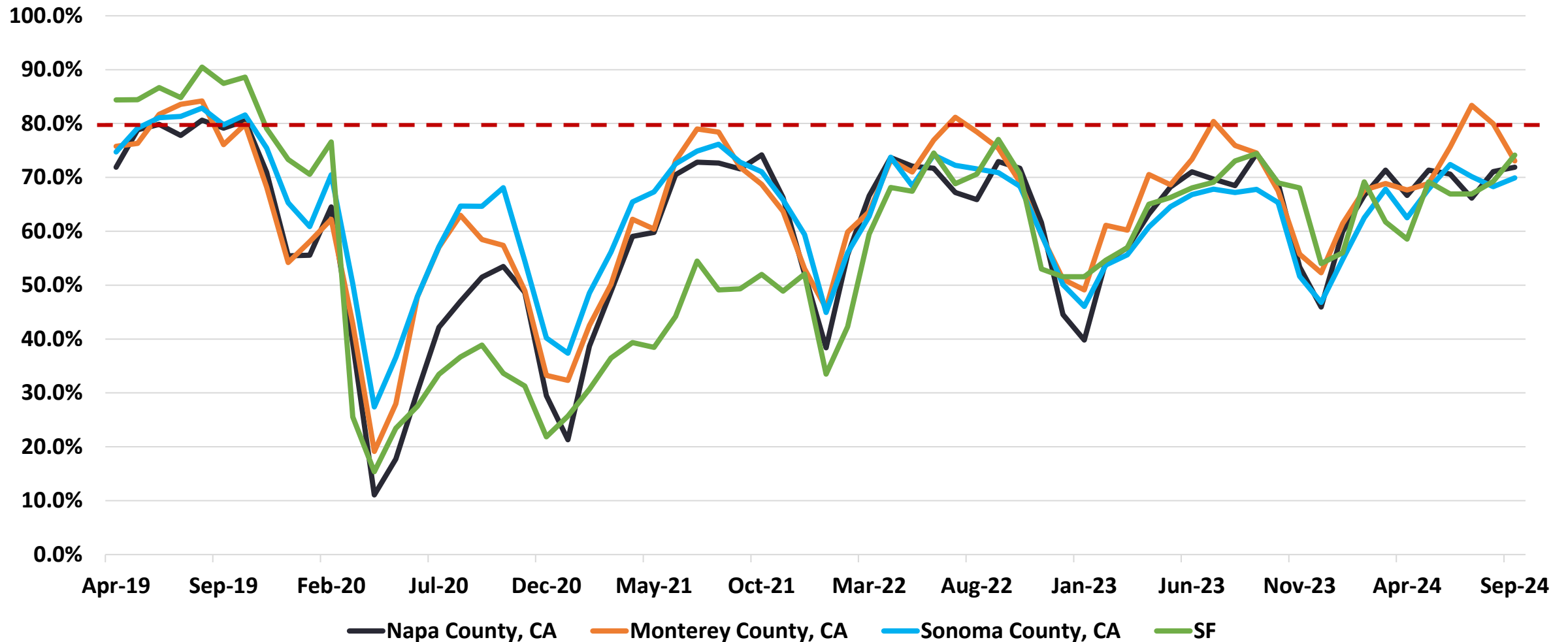
Marin = \$1,439,200 (+0.2%)

Solano = \$586,400 (+0.8%)

Rents up 2 – 3% across region,
Napa median rent is
\$3,100/month

Occupancy Rates (%), Selected Counties (Dash at 80%)

April 2019 to October 2024, Monthly Averages, 6 Mo Moving Avg



Travel Demand Forecast and Caveats, Visit California, 2019 = 100 (Forecasted in Bold), as of Oct 2024 to 2028

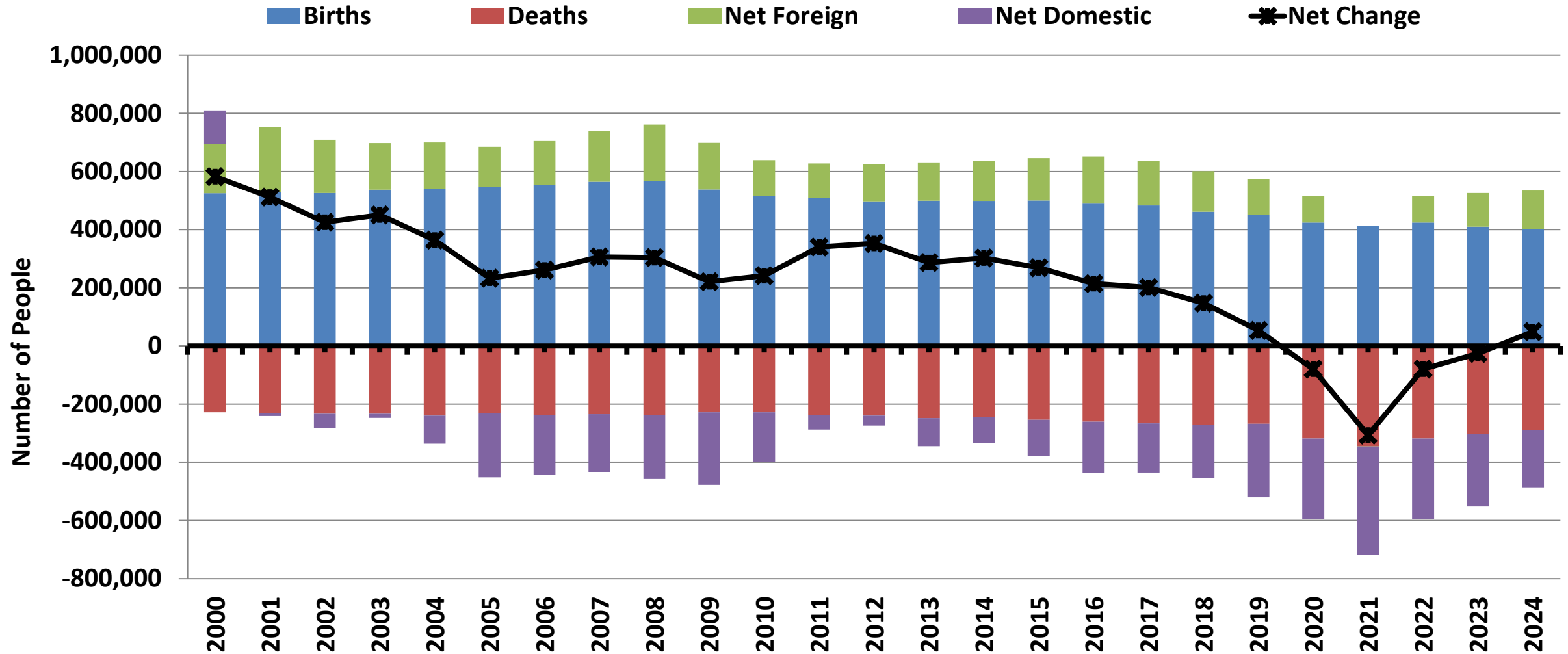
	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total visits	49	75	91	92	94	97	100	102	105
Business	33	51	78	81	85	90	94	97	100
Leisure	53	80	93	95	96	99	102	104	106
Total Travel Spending	47	73	98	104	107	114	120	125	130
Domestic	54	86	107	110	109	113	117	121	125
International	19	18	63	80	98	120	134	142	148

Caveats and Opportunities for Napa

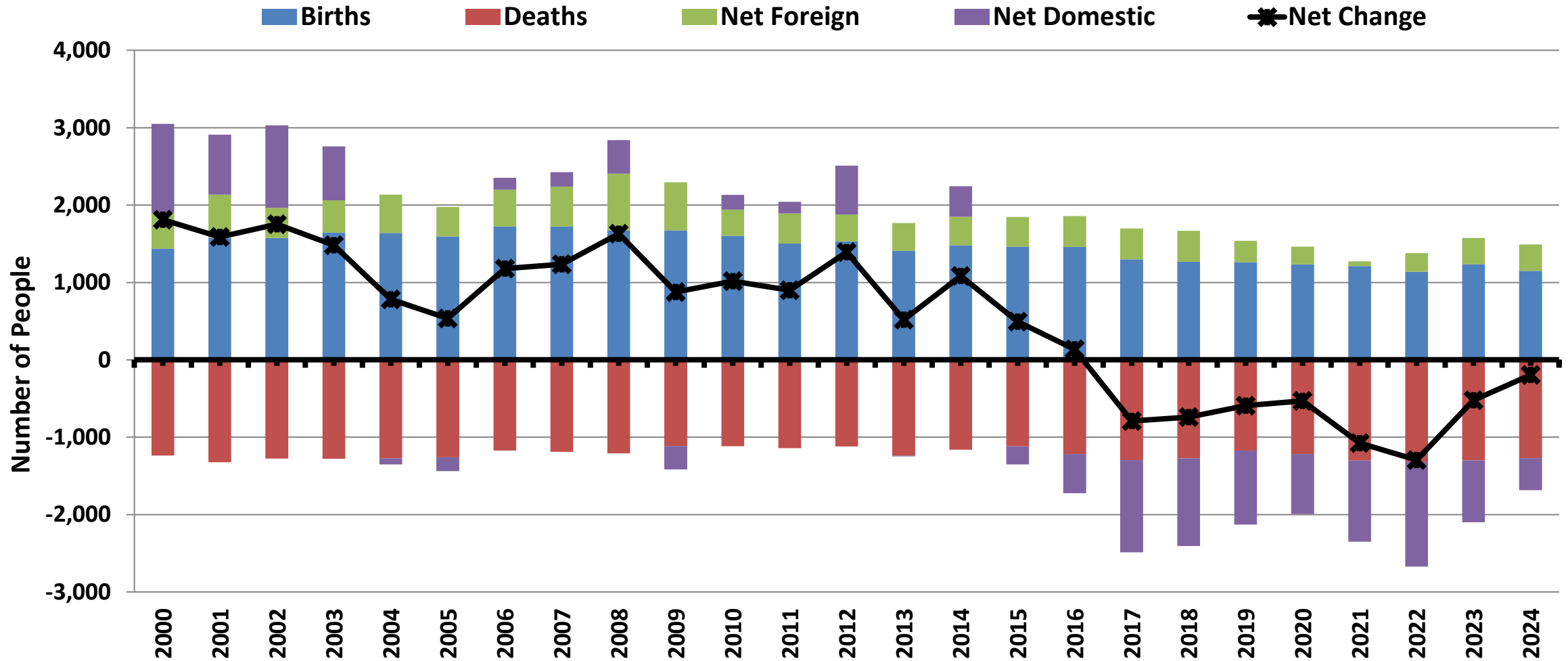
- Notice total spending back and beyond pre-pandemic: how much is inflation-driven?
- For Napa, spending good but feet better (think winery tasting rooms and upvalley support)
- Travel likely little affected by policy changes, except for level of service changes

Population Change, Main Components

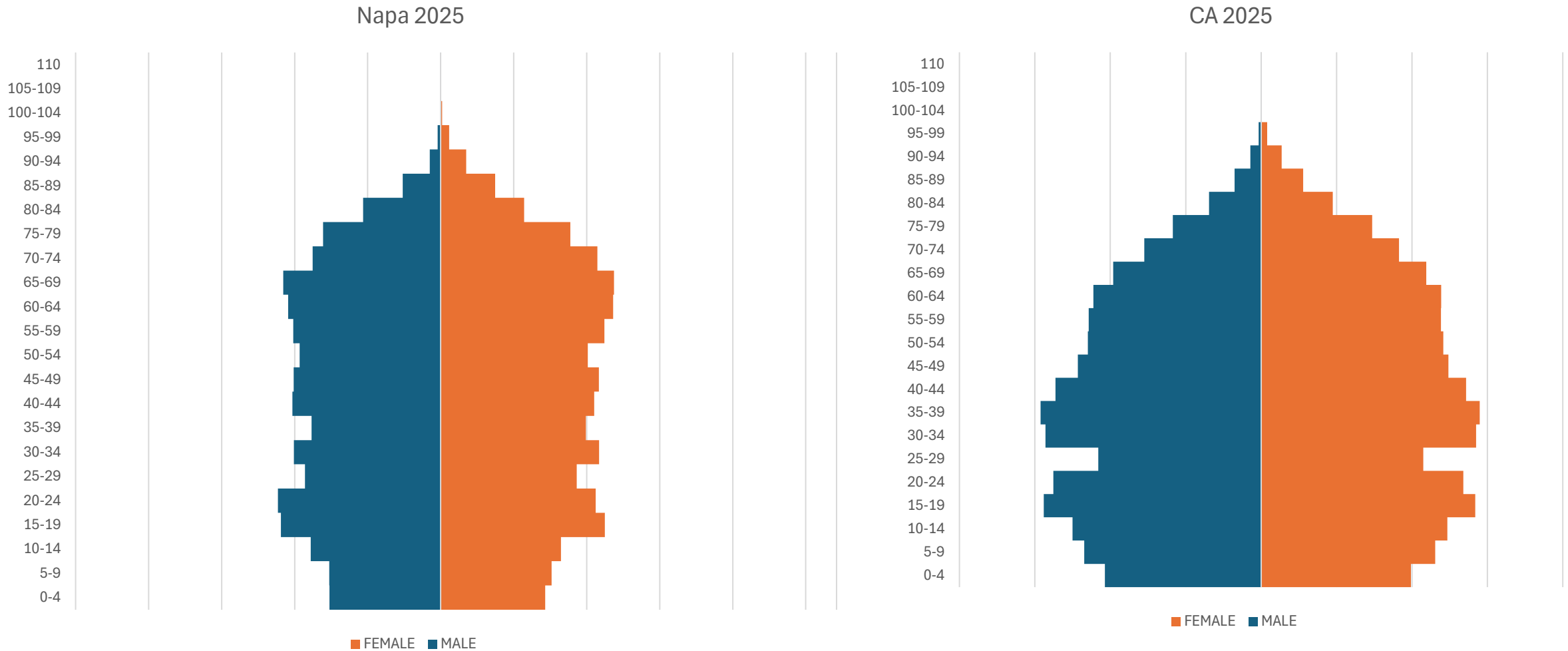
FY 1999-2000 to 2023-24, Number of People, California



Population Change, Main Components, FY 1999-2000 to 2023-24, Napa County (2024, Jul 1 = 134,900)



Population Pyramids, Napa County and California, 2025 and 2050, Population by Age (2050 = 125,000, ↓ 8,600)



Napa County: Toward 2026 and Beyond

- Forecast remains positive and supports continued tourism demand, though competition rising regionally and internationally
- Small business and lower- to middle-income households still pinched by inflation and relatively high interest rates
- Tourism and Wine industry
 - 2025 likely similar to 2024, getting into new rhythm on travel
 - Watching for challenges from new administration: labor and business costs
 - Outlook for wine suggests consolidation/merger, shifts in marketing
- Housing markets
 - Slow and steady: single-family build to rent the new trend?
 - LA Fires likely to have construction, insurance, and travel effects, mix of good and bad

Thanks!
Questions?
eyler@econforensics.com
@bobby7007