



ANNUAL ECONOMIC OUTLOOK FOR ALBEMARLE COUNTY, VIRGINIA

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OVERVIEW

Bottom Line: U.S. and Albemarle County's Economic Outlooks

U.S. Economic Trends and Outlook

Albemarle County (and Virginia) Economic Trends and Outlook

Closing and Recommendations

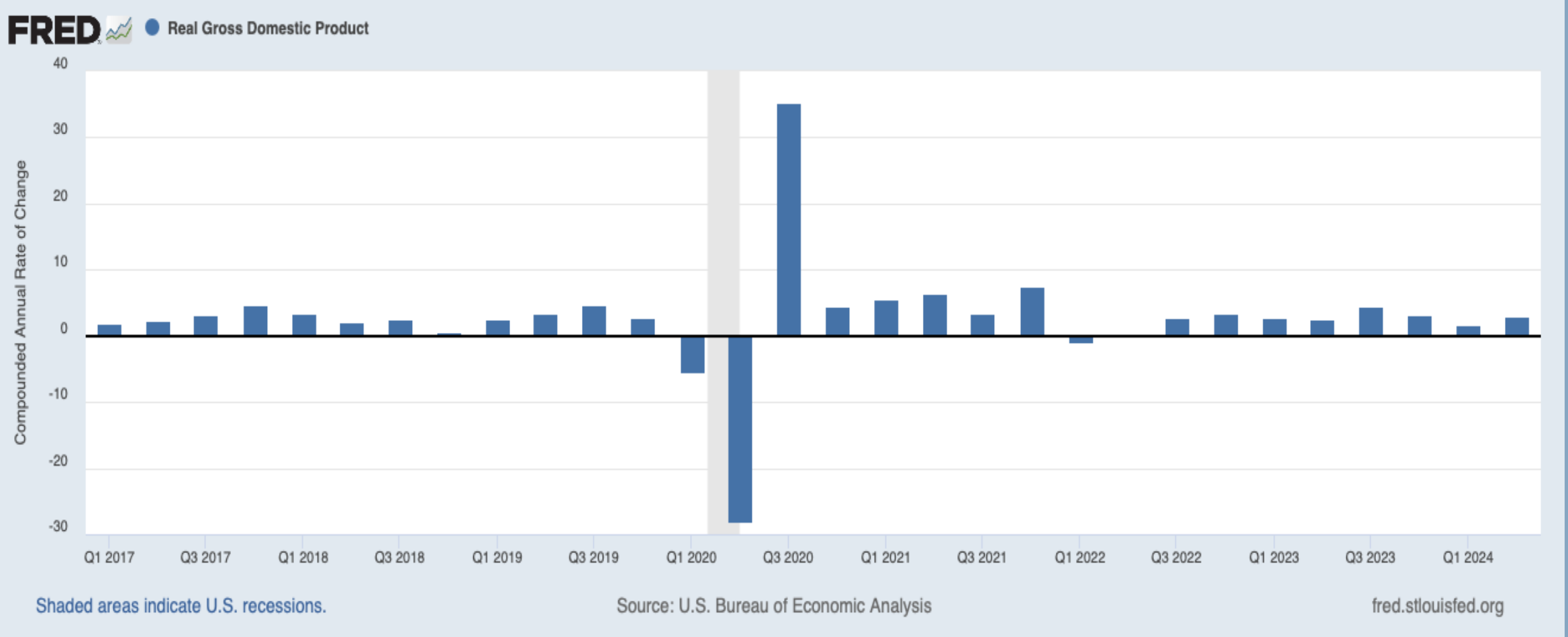
STURDY U.S. ECONOMY
WITH MODERATE
GROWTH AHEAD

ALBEMARLE COUNTY'S
SOLID ECONOMIC BASE
PROVIDES SCOPE TO PLAN
AND ACT PROACTIVELY

U.S. ECONOMIC TRENDS & OUTLOOK

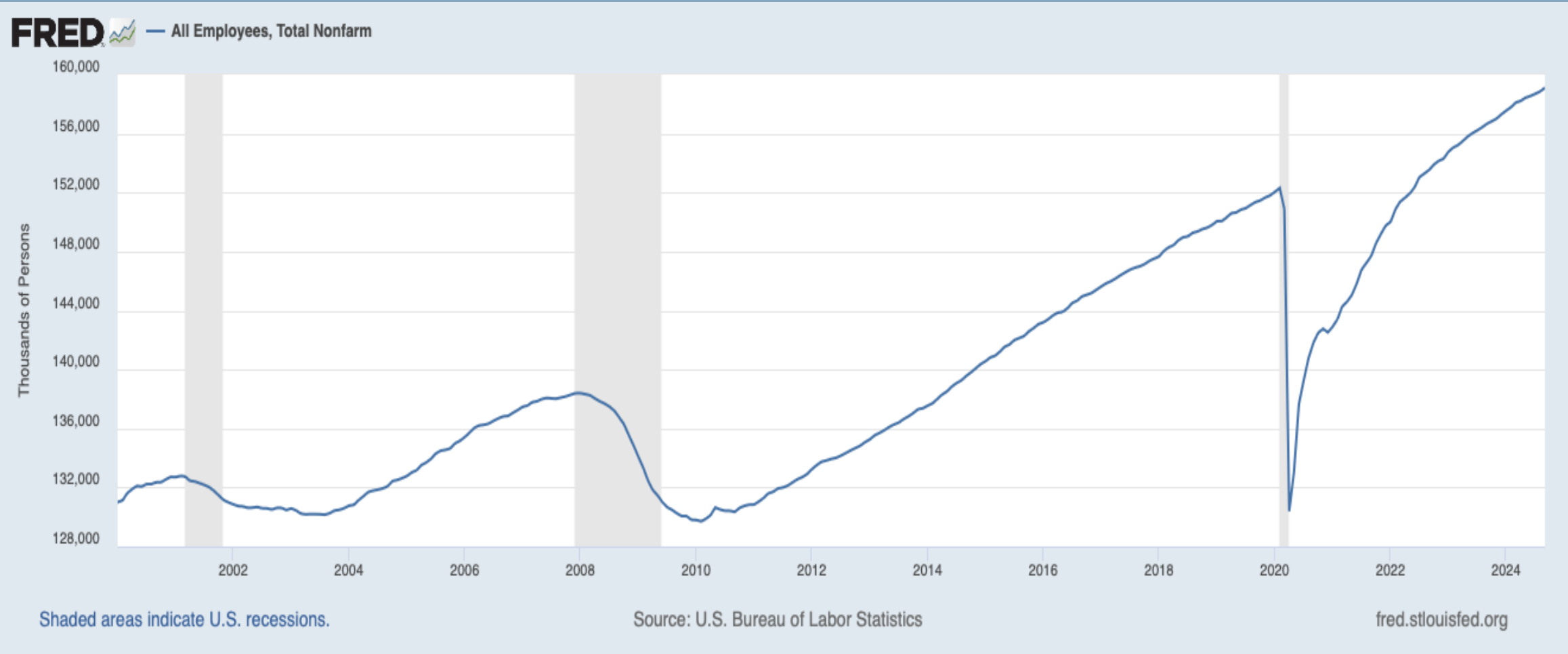


U.S. REAL* GDP GREW 2.9% IN 2023 & SOLID IN FIRST HALF OF 2024



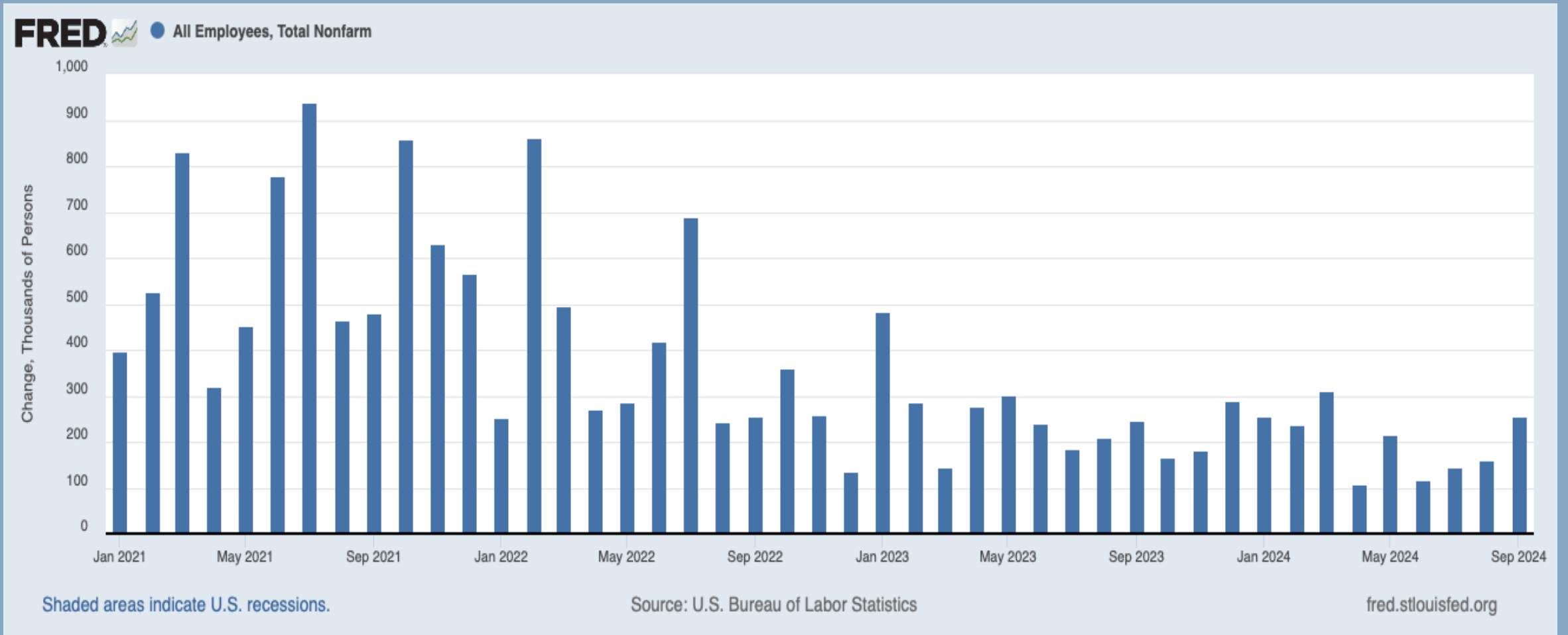
Seasonally adjusted annual rate; *Real indicates current dollars or inflation-adjusted.

U.S. TOTAL JOBS 4.5% ABOVE THE FEB. 2020 LEVEL IN SEPT. 2024



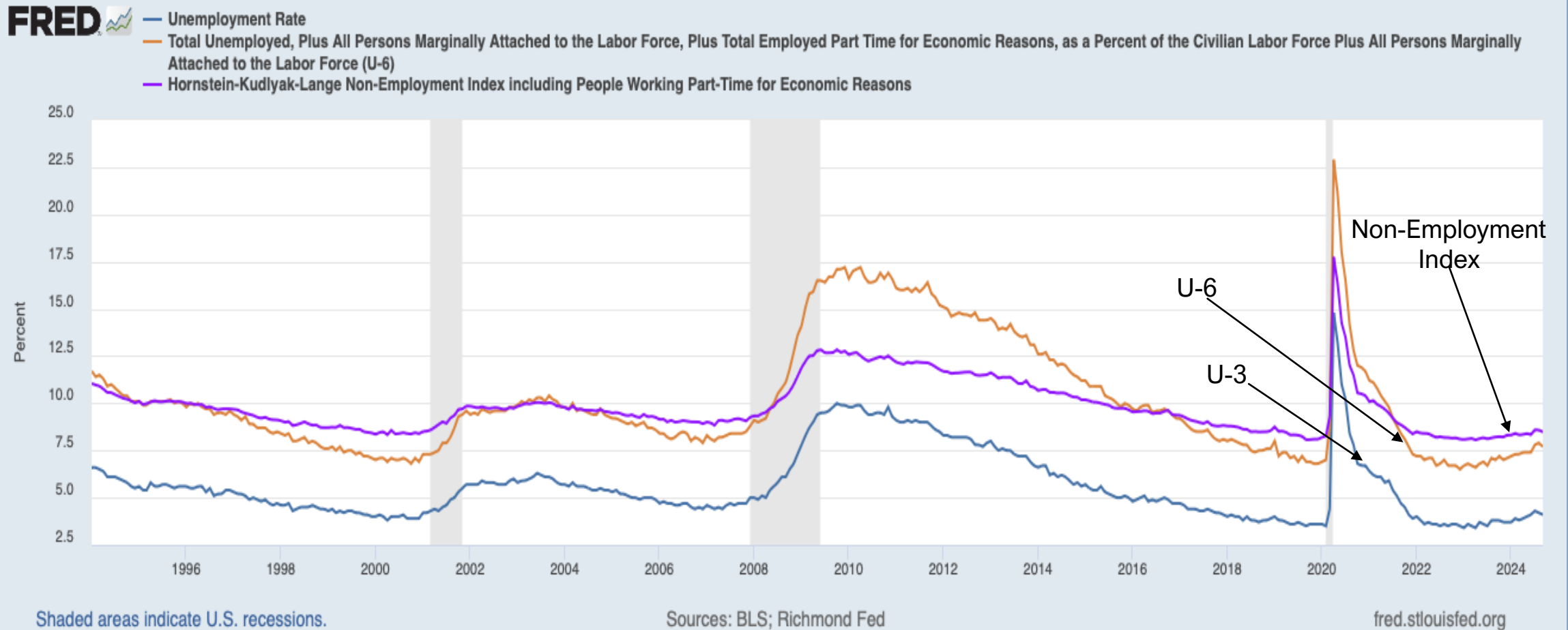
BLS establishment survey; seasonally adjusted

U.S. MONTHLY JOB GROWTH AVG. 200K IN JAN. - SEPT. 2024



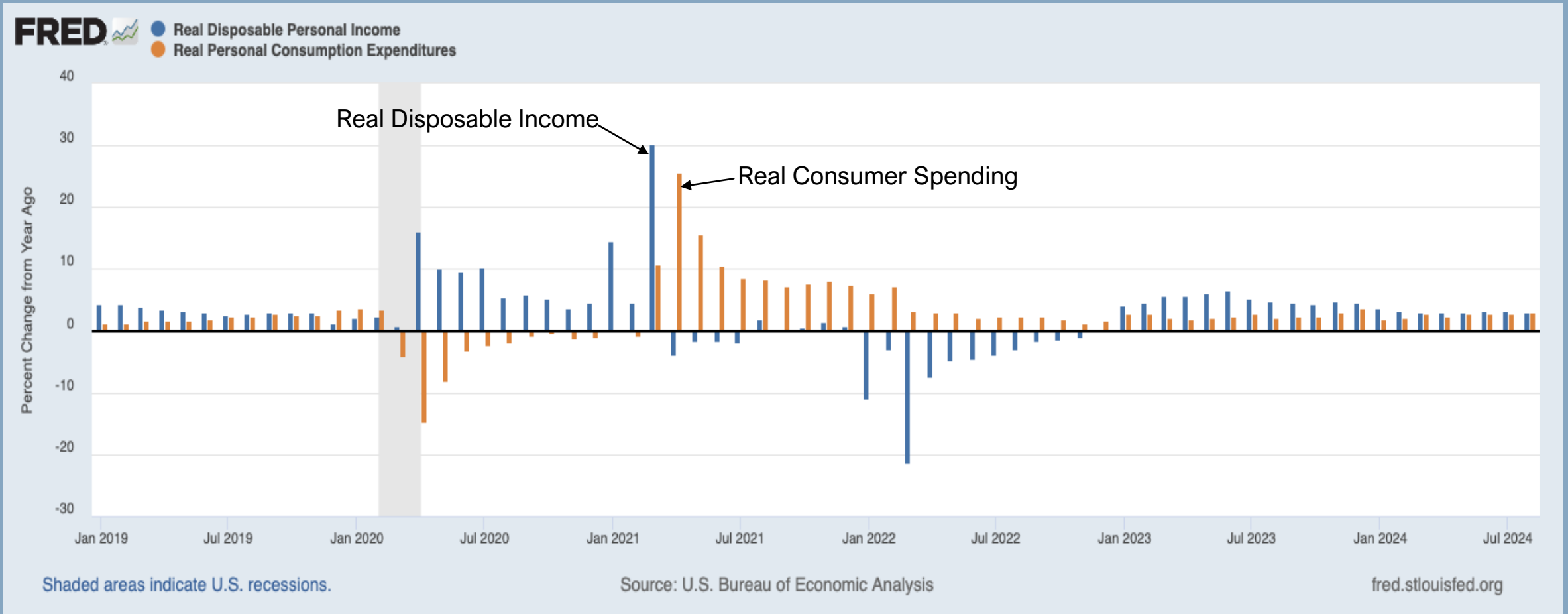
BLS establishment survey; seasonally adjusted

U.S. OFFICIAL UNEMPLOYMENT RATE & BROADER MEASURES UP SLIGHTLY SINCE FEB. 2024, STILL HISTORICALLY LOW – “HIDDEN WORKERS”



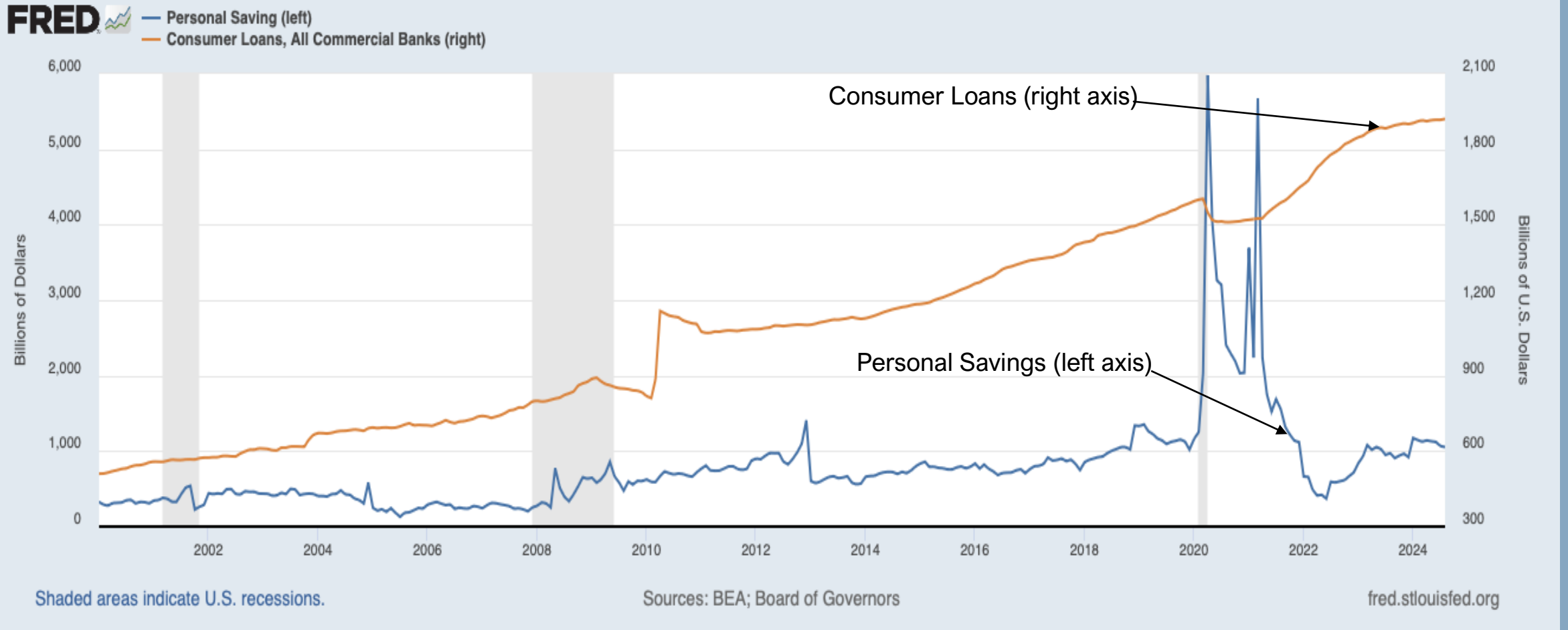
BLS household survey; seasonally adjusted

U.S. REAL DISPOSABLE INCOME & REAL CONSUMER SPENDING GREW IN JAN.-AUG. 2024 AT SAME PACE AS PREPANDEMIC AVG. OF 2017-2019 (%Y/Y)



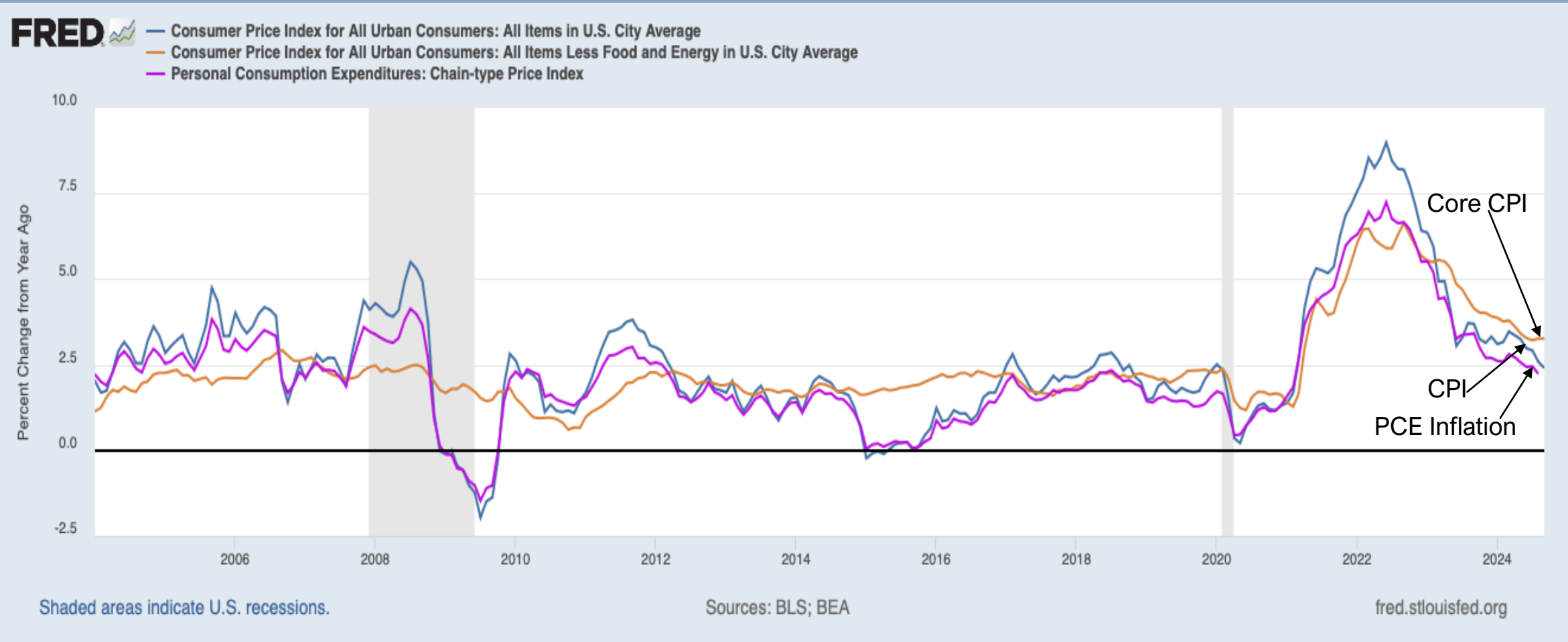
Seasonally adjusted annual rate

U.S. CONSUMER FINANCES: LOW SAVINGS RATE & HIGH LOAN LEVEL, BOTH IMPROVED SLIGHTLY IN JAN.-AUG. 2024



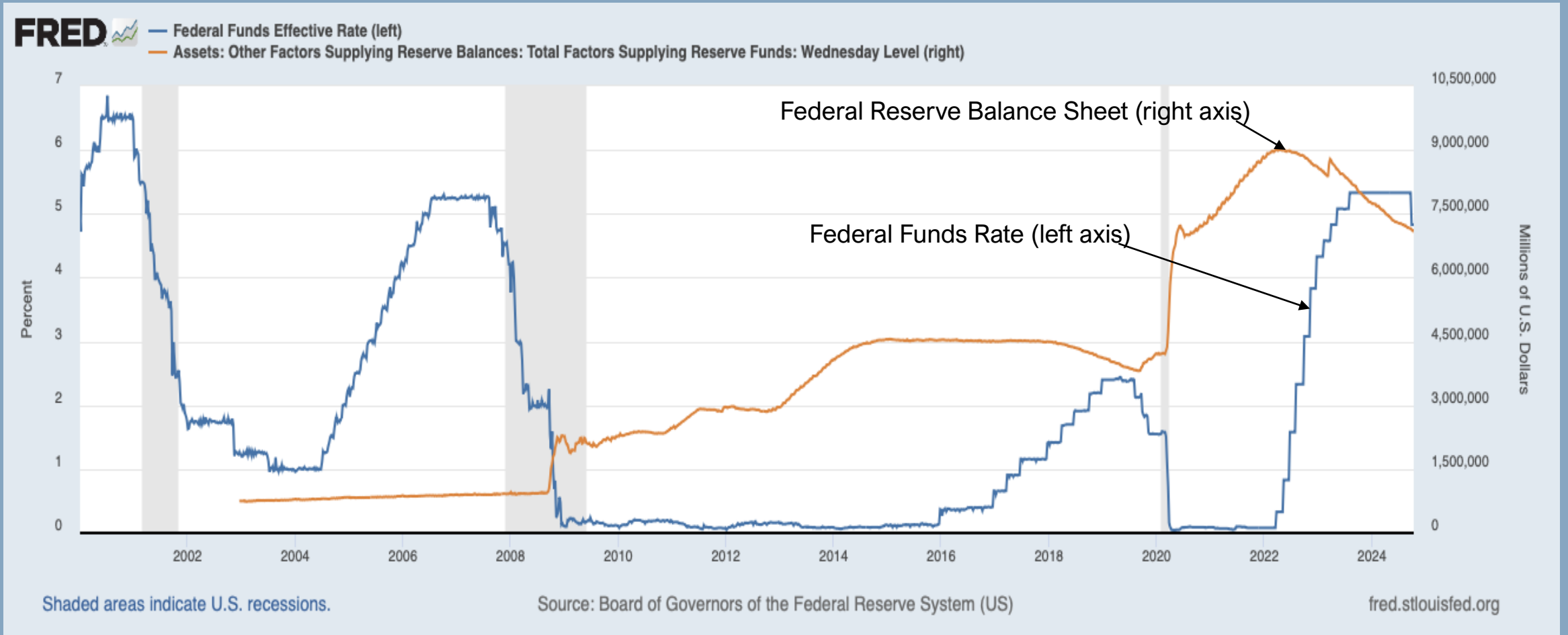
Seasonally adjusted annual rate

U.S. INFLATION GRADUALLY HEADING TOWARD FED'S 2% LONG-TERM TARGET IN SEPT. 2024 (%Y/Y)



Seasonally adjusted

U.S. FEDERAL RESERVE RECALIBRATED MONETARY POLICY: BEGAN RATE-EASING CYCLE IN SEPT. 2024 & STILL DECREASING ITS BALANCE SHEET*



*Excluding the Bank Term Funding Program established in March 2023 in response to the selected bank failures in March-April 2023



THE FED IS THREADING
THE NEEDLE:
TAME INFLATION,
MAINTAIN FINANCIAL
STABILITY &
AVOID RECESSION

U.S. ECONOMIC OUTLOOK 2024-2025

Resilient economy with solid expansion in Sept. 2024; expected to cool slightly then rebound in 2025

U.S. real GDP growth forecasts as of August-September 2024

- 2024: 2.6% median (2.0% to 2.8% range) among prominent forecasts
- 2025: 1.9% median (1.5% to 2.2% range) among prominent forecasts

Risks to the U.S. economic outlook

- Cooling labor markets, continued sticky core inflation, tight credit conditions and lending standards, commercial real estate challenges, pressured real disposable income, cooling consumer and business demand, housing market's course, continued supply chain challenges, shifting global trade flows, continued geopolitical risks (e.g., supply and prices shocks), and slower global growth.

Close monitoring required to detect, adapt, and adjust in a rapidly-changing environment

ALBEMARLE COUNTY ECONOMIC TRENDS & OUTLOOK

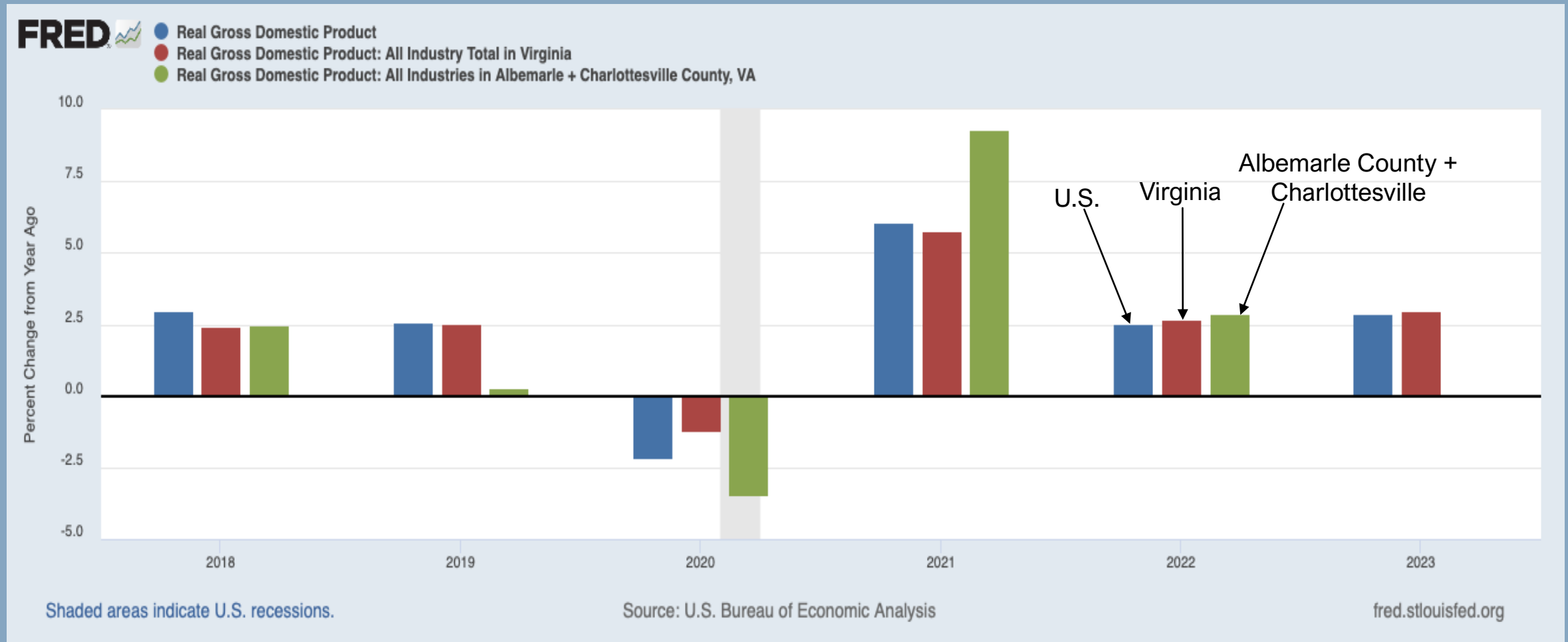
VIRGINIA TECH-ALBEMARLE COUNTY ANNUAL ECONOMIC
OUTLOOK

Final 10/16/24

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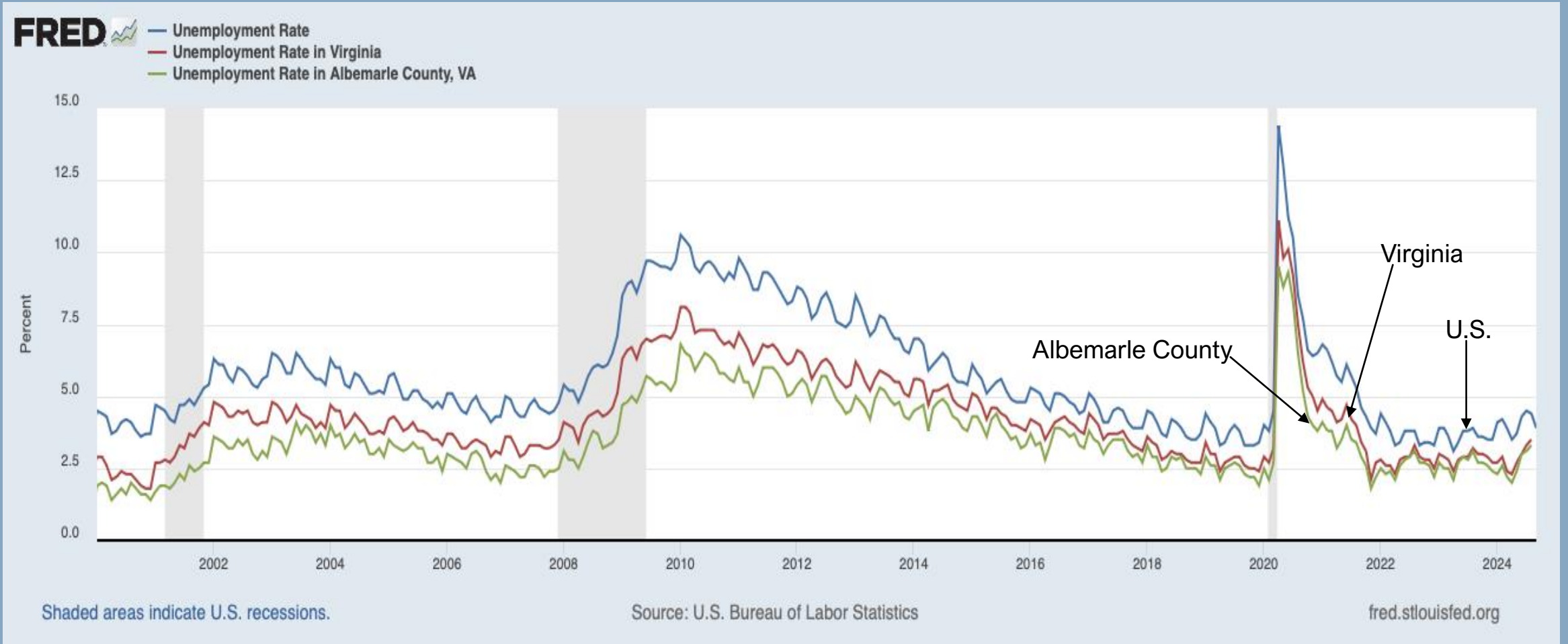


ALBEMARLE + CHARLOTTESVILLE'S REAL GDP GROWTH OUTPACED VIRGINIA & U.S. IN 2021 – 2022 (%Y/Y)



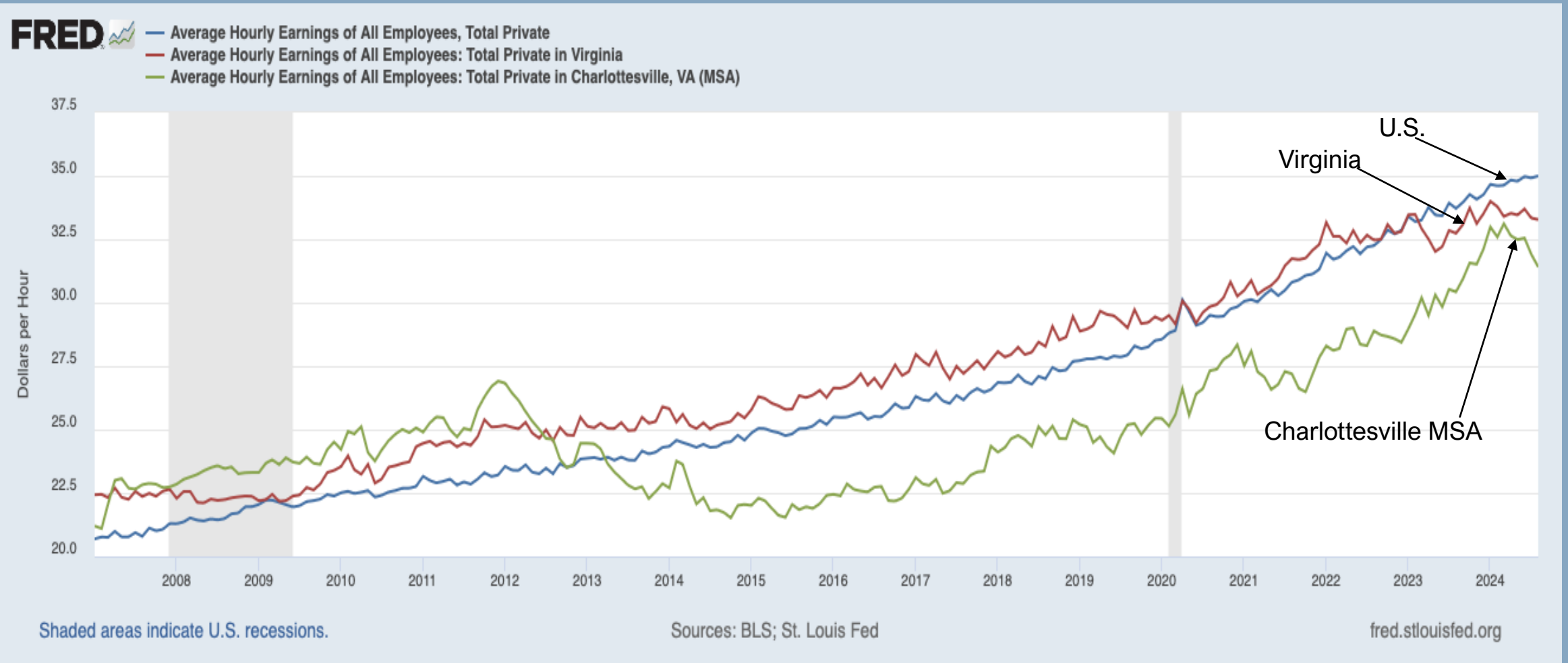
Current dollars; not seasonally adjusted

ALBEMARLE COUNTY'S UNEMPLOYMENT RATE CONSISTENTLY BELOW U.S. & VIRGINIA JAN. 2000 – AUG. 2024



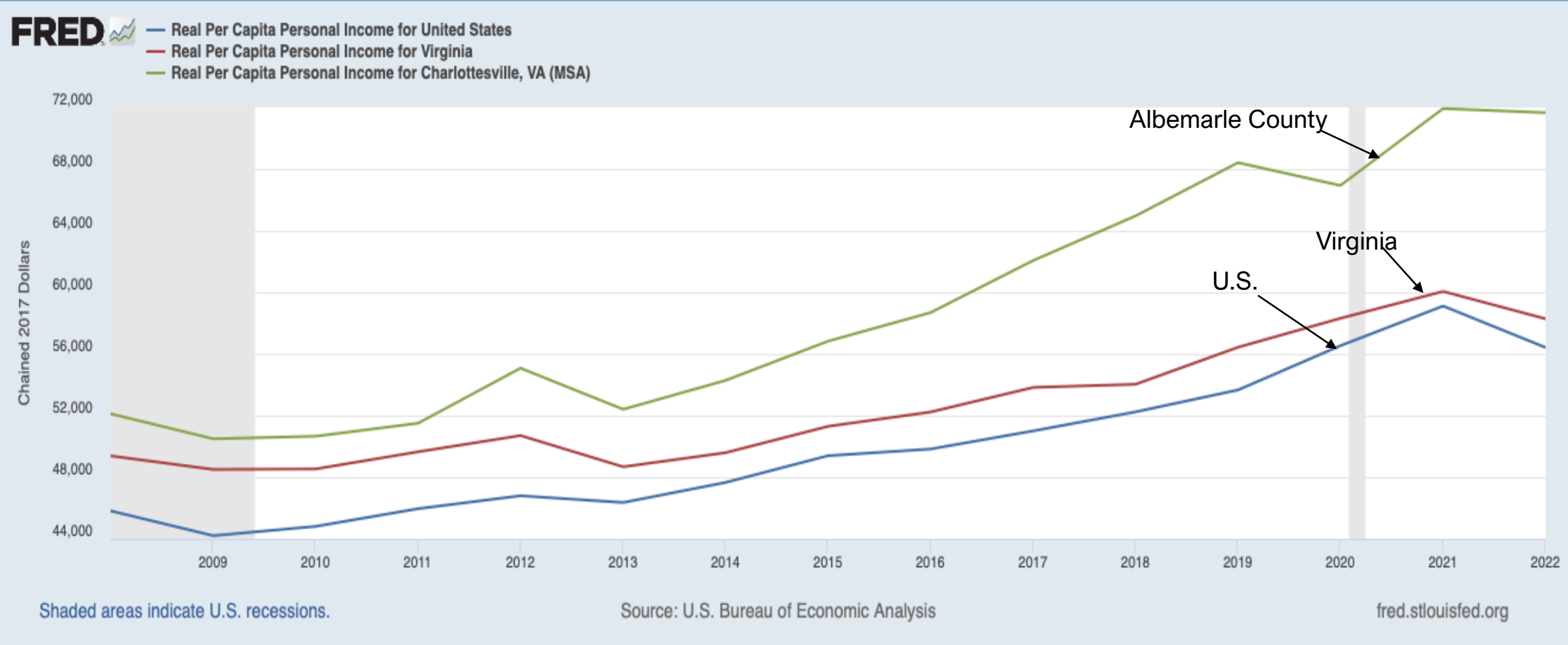
BLS household survey; not seasonally adjusted

CHARLOTTESVILLE MSA'S HOURLY WAGES BELOW U.S. & VIRGINIA 2013 – AUG. 2024



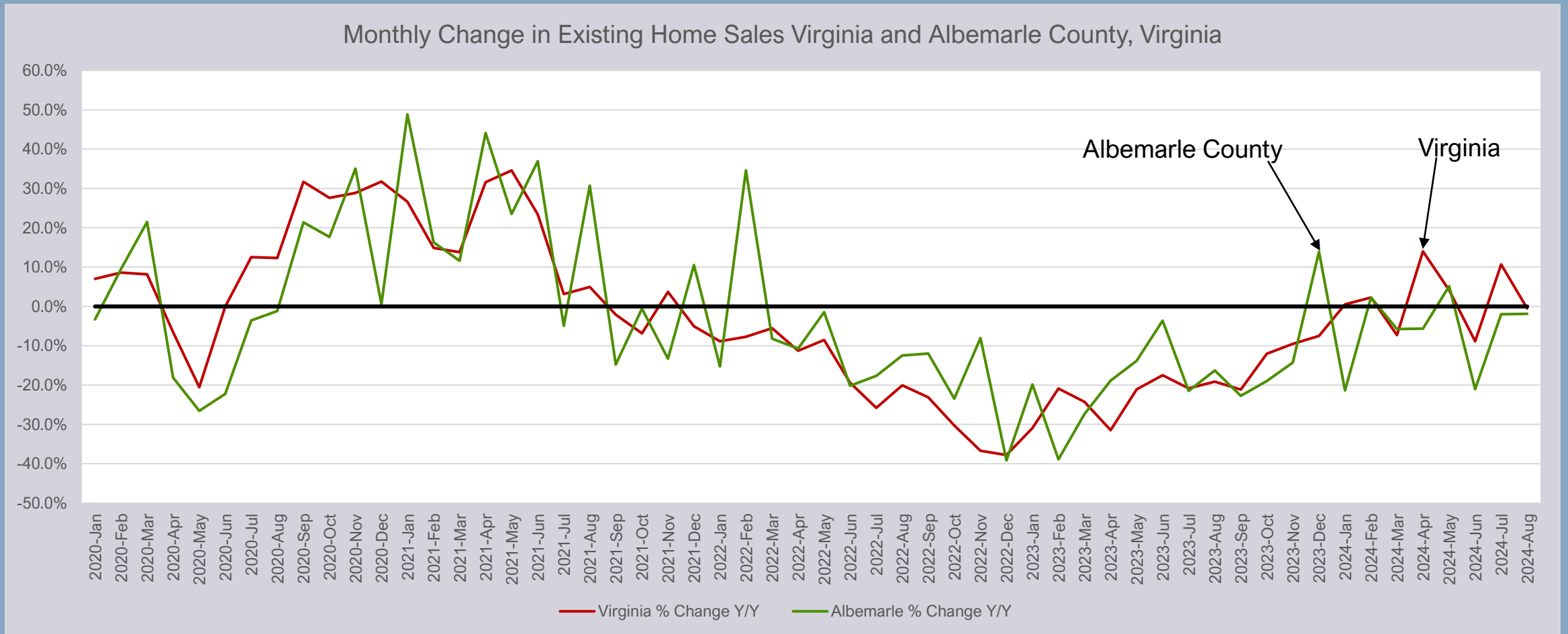
BLS establishment survey; not seasonally adjusted

CHARLOTTESVILLE MSA'S REAL PER CAPITA PERSONAL INCOME ABOVE U.S. & VIRGINIA 2008 - 2022



Not seasonally adjusted

ALBEMARLE COUNTY EXISTING HOME SALES GROWTH MOSTLY DECLINED SPRING 2022 – AUG. 2024 (%Y/Y)

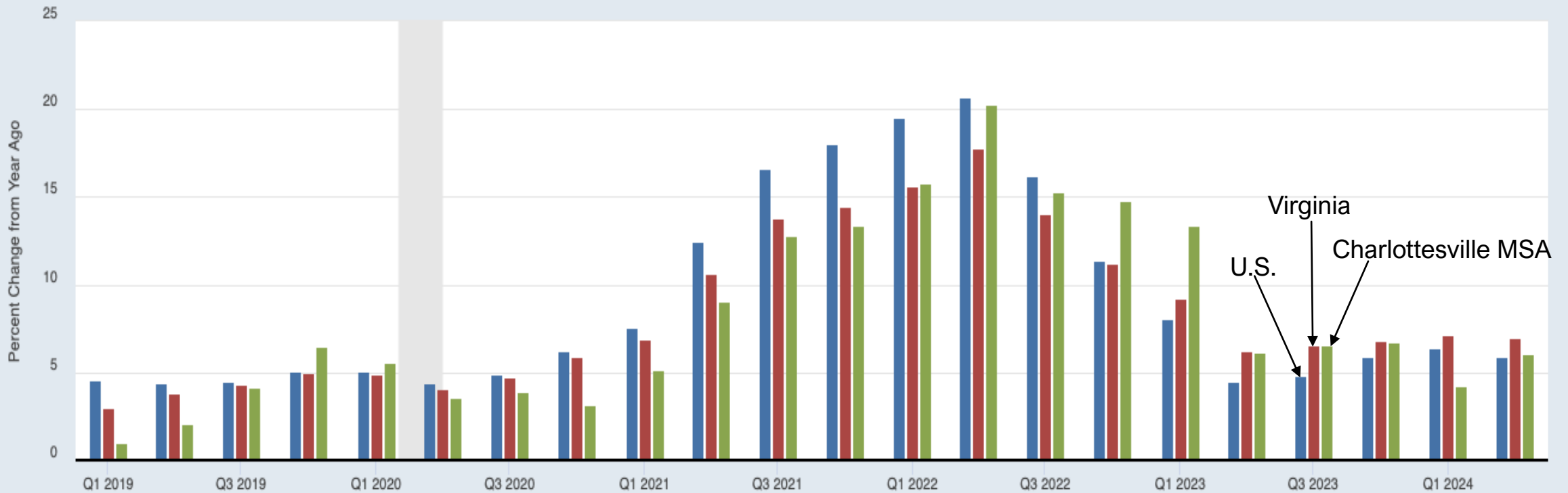


Source: Virginia Association of Realtors; not seasonally adjusted

SINGLE FAMILY HOME PRICE RATE OF GROWTH STEADILY SLOWED IN CHARLOTTESVILLE MSA, U.S., & VIRGINIA IN Q3:2022 – Q2:2024 (%Y/Y)



- All-Transactions House Price Index for the United States
- All-Transactions House Price Index for Virginia
- All-Transactions House Price Index for Charlottesville, VA (MSA)



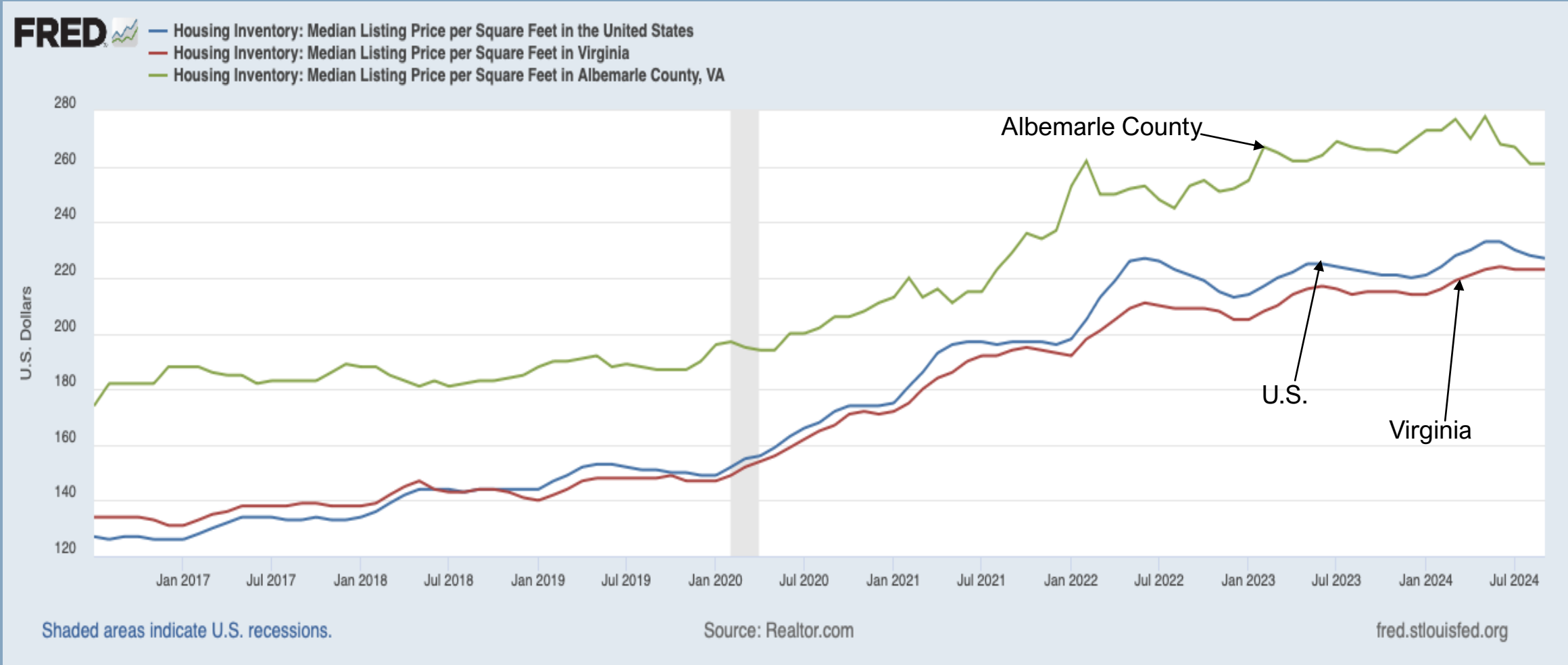
Shaded areas indicate U.S. recessions.

Source: U.S. Federal Housing Finance Agency

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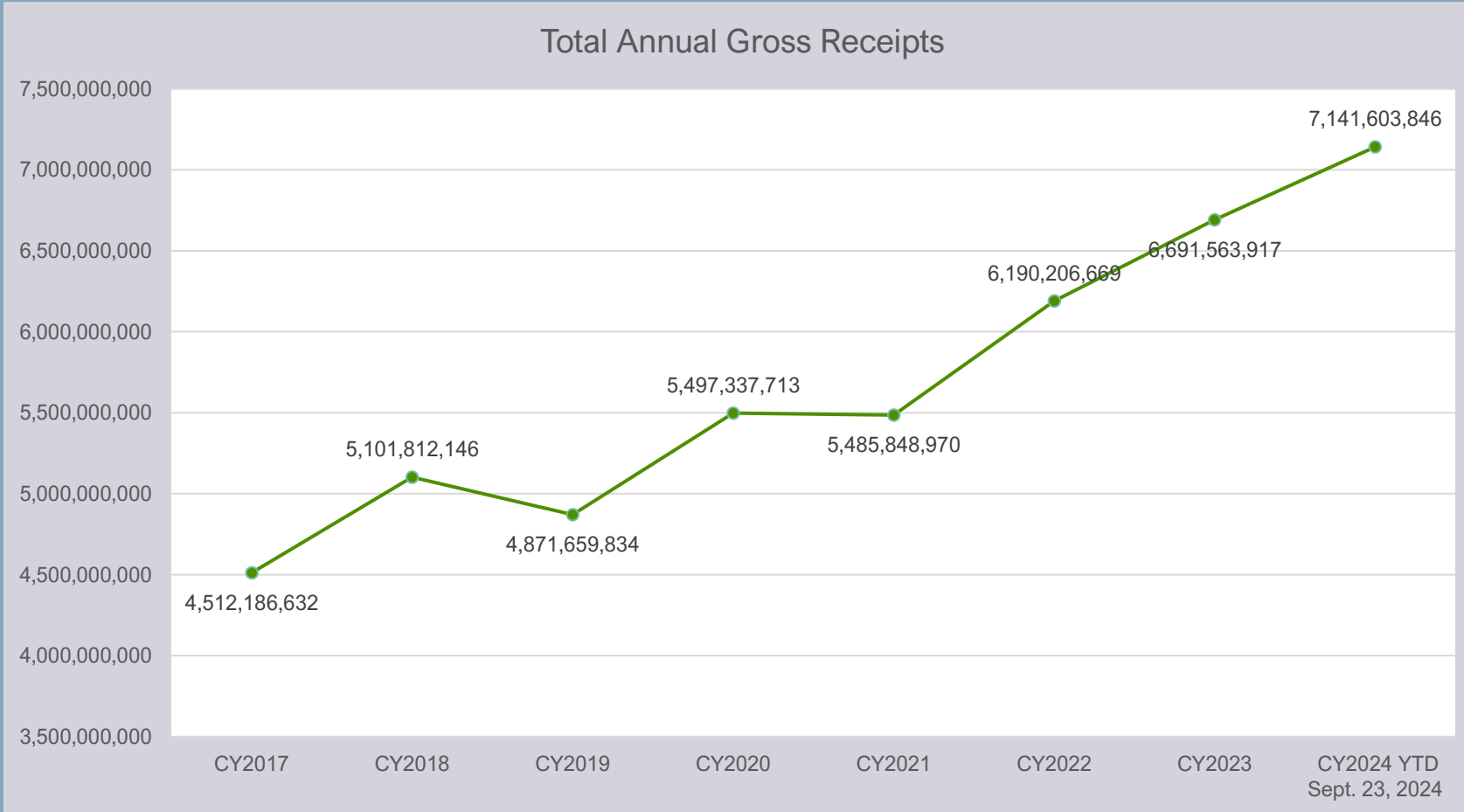
Not seasonally adjusted

ALBEMARLE COUNTY'S MEDIAN LISTING PRICE ABOVE U.S. & VIRGINIA 2016- AUG. 2024; DECLINING SINCE SPRING 2024 (PER SQUARE FEET)



Not seasonally adjusted

COUNTY GROSS RECEIPTS MOSTLY UPWARD TREND CY2017 – YTD SEPT. 25, 2024

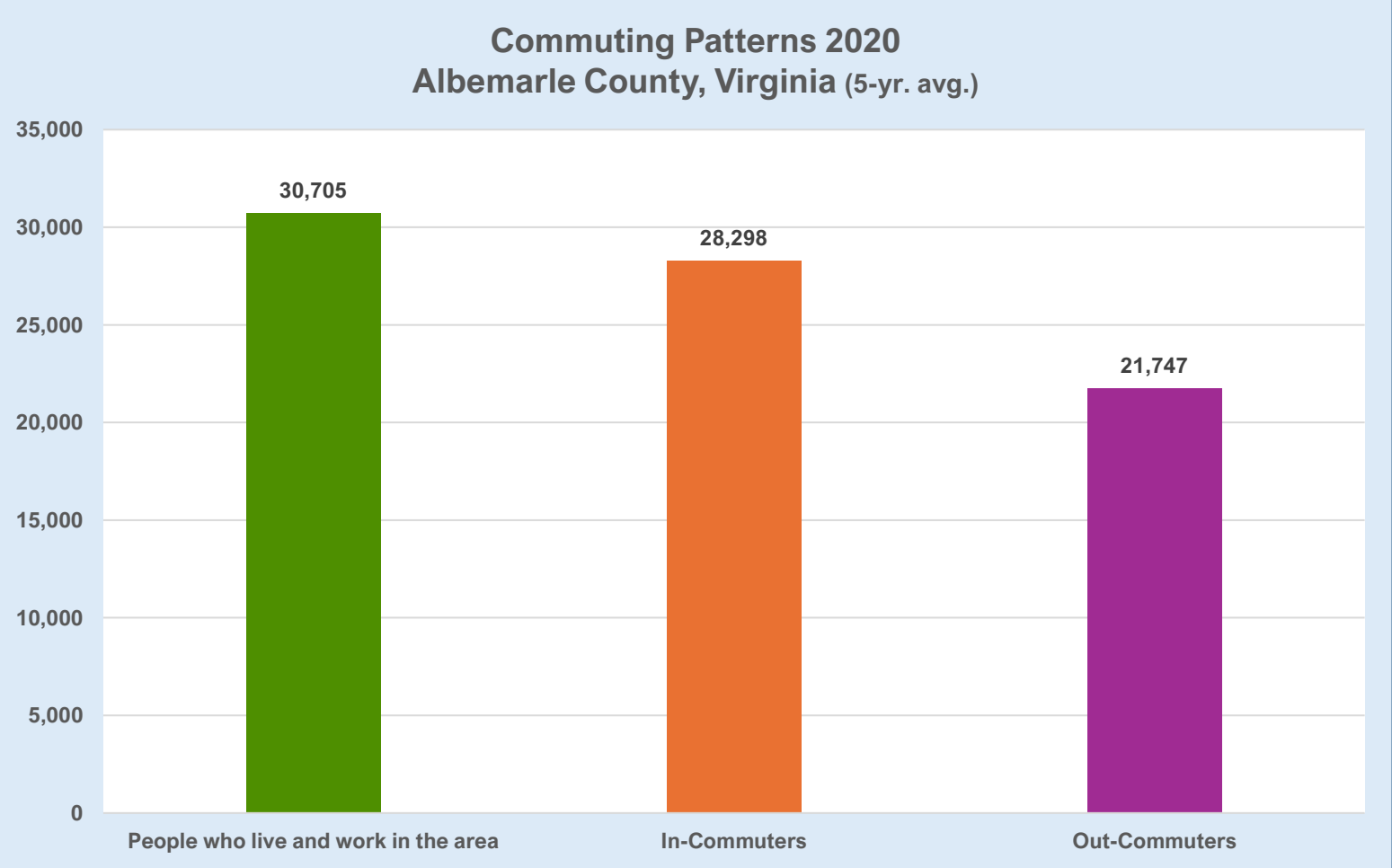


Top Four Categories CY2023 ~ 80%

1. Retail (31%)
2. Repair, personal & business services (21%)
3. Contractors (19%)
4. Finance, real estate & professional services (9%)

Source: Albemarle County, Virginia, Department of Finance and Budget

ALBEMARLE COUNTY COMMUTING PATTERNS 2020



6,551 Net In-Commuters
(In-Commuters minus
Out-Commuters)

Source: U.S. Census, 2016-2020 5-Year American Community Survey Commuting Flows

ALBEMARLE COUNTY'S SOLID ECONOMY

History of mostly solid economic and job growth

High real per capita personal income

Low unemployment

Strong hourly wages regionally

Significant employment in relatively higher-income occupations & industries

Strong local business activity

U.S. & VIRGINIA ECONOMIC OUTLOOKS FRAME ALBEMARLE COUNTY'S ECONOMIC OUTLOOK

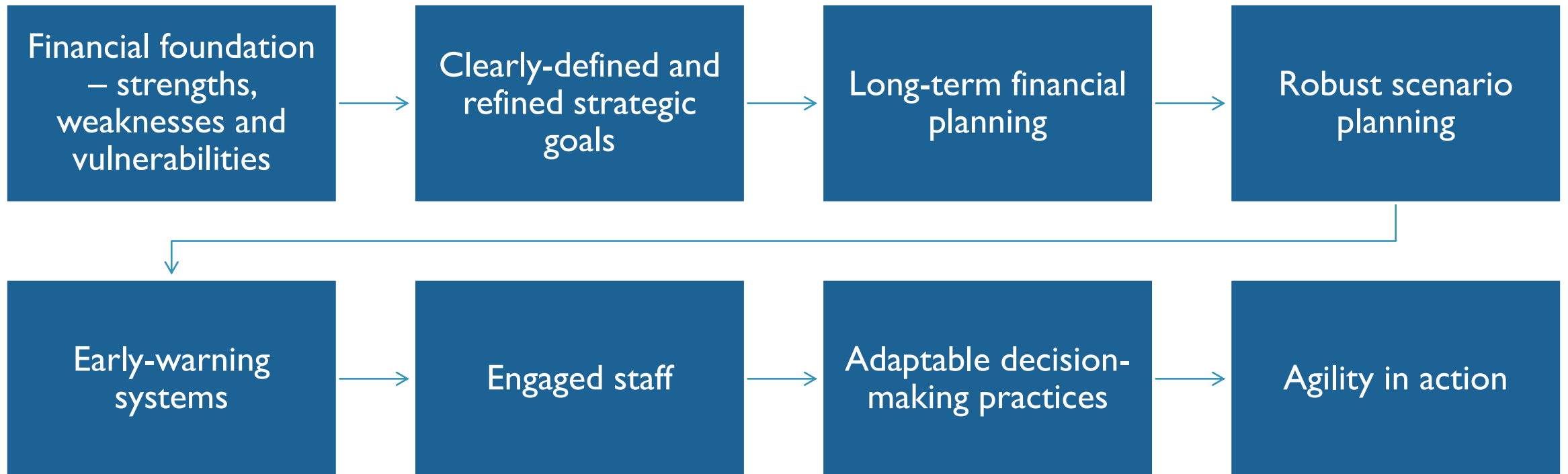
Like the U.S. and Virginia, it is prudent for the County to also expect a solid economy, slight economic cooling in late 2024 or early 2025, and then moderate growth in 2025

- Approaching the “soft landing”
- Cooling labor market with persistent labor shortages due to demographics
- Continued gradual decline in inflation with bumpiness expected
- Lingering impacts of tight monetary policy
- Cooling consumer and business demand
- Mild growth in real disposable income (with cooler labor market)
- Normalizing but competitive housing market
- Moderate business activity (due to milder real consumer spending)

Timing of potential economic impacts will vary

- Business sectors more sensitive to interest rates and consumer activity likely will be impacted sooner
- Closely monitor for changing circumstances and adjust with agility

ENDURING RECOMMENDATIONS TO FACILITATE CONTINUED FINANCIAL RESILIENCY & AGILITY



ALBEMARLE COUNTY'S SOLID ECONOMIC BASE & PRO-ACTIVE MANAGEMENT MAKE A DIFFERENCE

Overall solid economic base provides scope within which to effectively plan and act proactively.

History of prudent financial management as one of the few Triple-AAA counties in the U.S. is a critical asset.

Financial foundation and community capacity for strategic initiatives is strong.

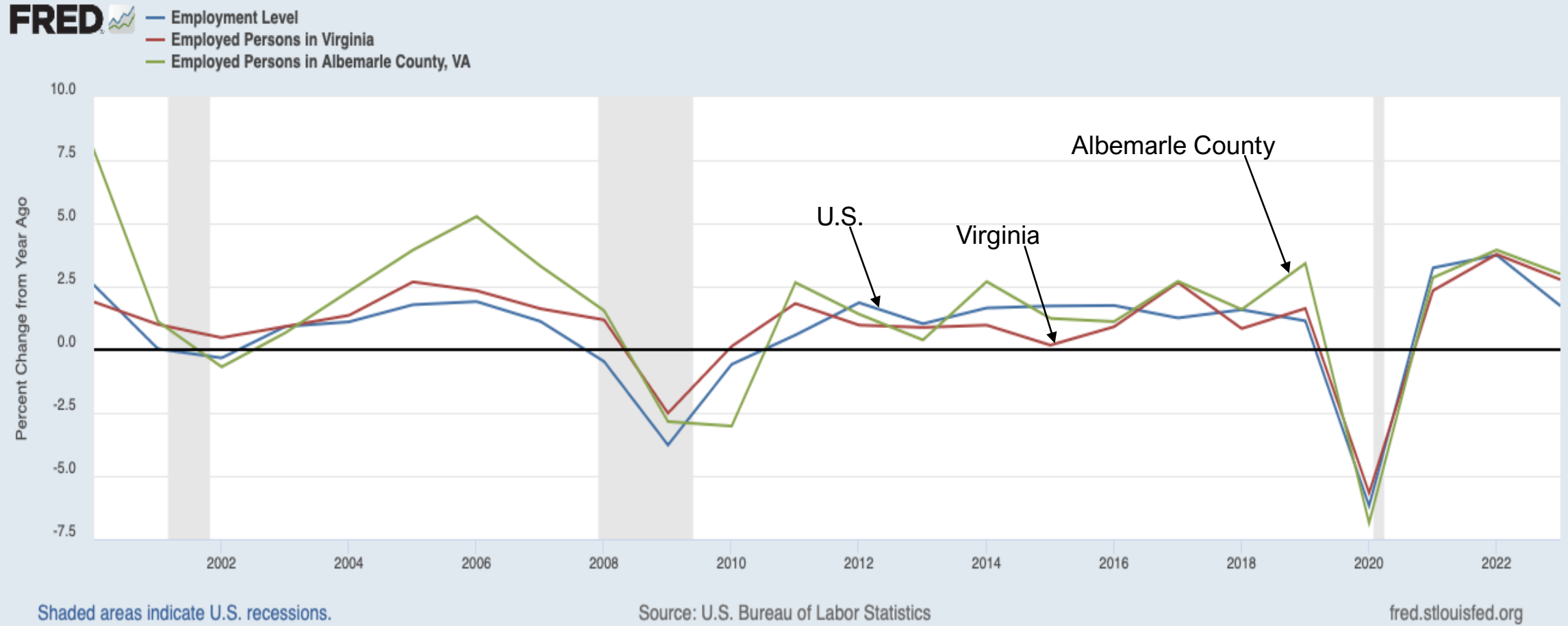
History of strategic and methodical analysis, review, and policymaking are commendable and will continue to advance the community toward its strategic objectives.

CONTACT INFORMATION

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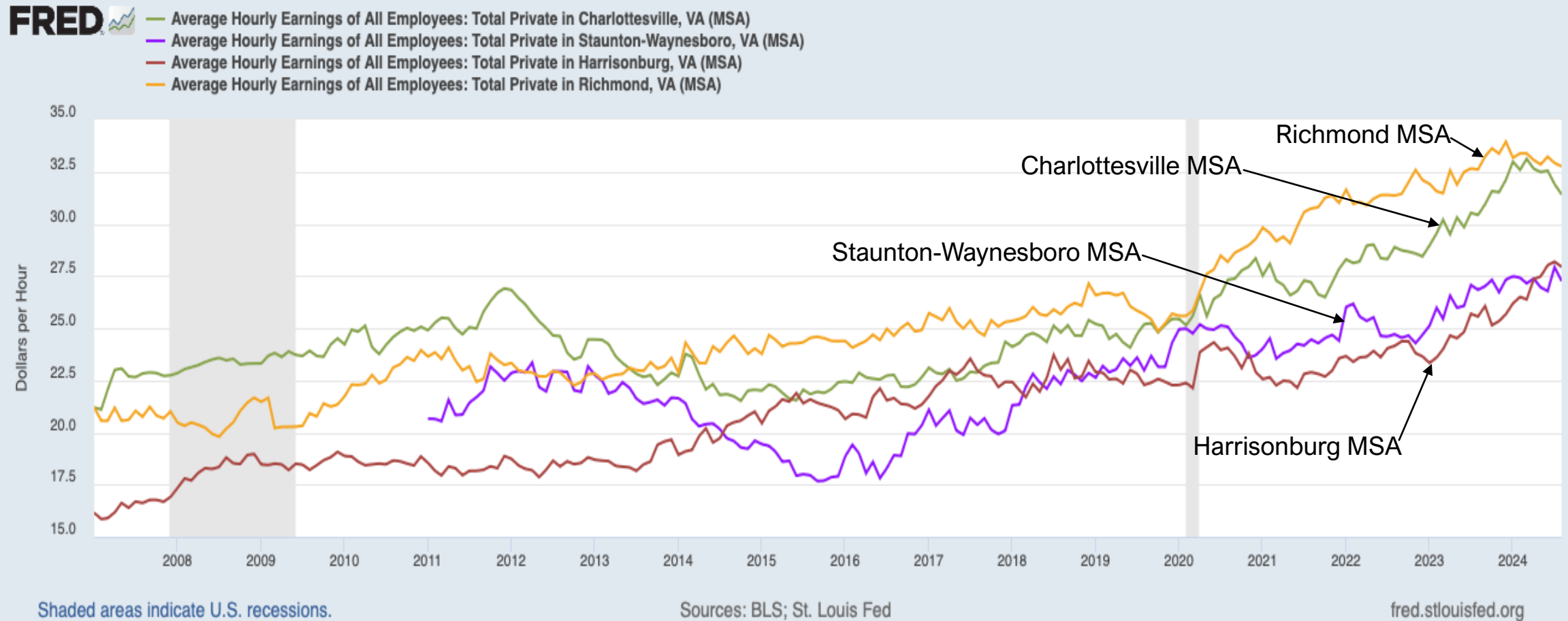
APPENDIX

ALBEMARLE COUNTY'S SOLID ANNUAL EMPLOYMENT GROWTH OFTEN EXCEEDED U.S. & VIRGINIA 2000 – 2023 (%Y/Y)



BLS household survey; not seasonally adjusted

CHARLOTTESVILLE MSA'S HOURLY WAGES HIGHER THAN MOST REGIONAL NEIGHBORS EXCEPT RICHMOND MSA SINCE 2007



BLS establishment survey; not seasonally adjusted

EMPLOYMENT OCCUPATIONS OF PEOPLE WHO LIVE IN ALBEMARLE COUNTY (RESIDENTS)

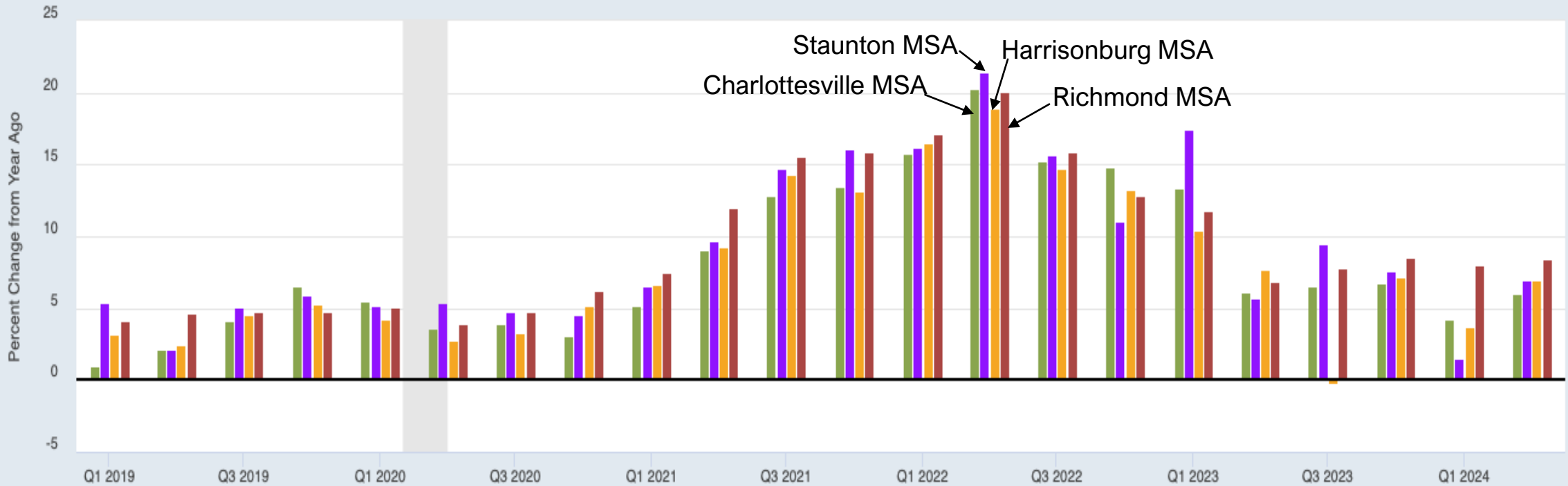
Employment Occupations of Albemarle County Residents

1. Management, business, science, and arts occupations (58%)
2. Sales and office occupations (17%)
3. Service occupations (15%)
4. Natural resources, construction, and maintenance occupations (5%)
5. Production, transportation, and material moving occupations (5%)

REGIONAL SINGLE FAMILY HOME PRICE RATE OF GROWTH MOSTLY SLOWED IN Q3:2022 – Q2:2024 (%Y/Y)



- All-Transactions House Price Index for Charlottesville, VA (MSA)
- All-Transactions House Price Index for Staunton, VA (MSA)
- All-Transactions House Price Index for Harrisonburg, VA (MSA)
- All-Transactions House Price Index for Richmond, VA (MSA)



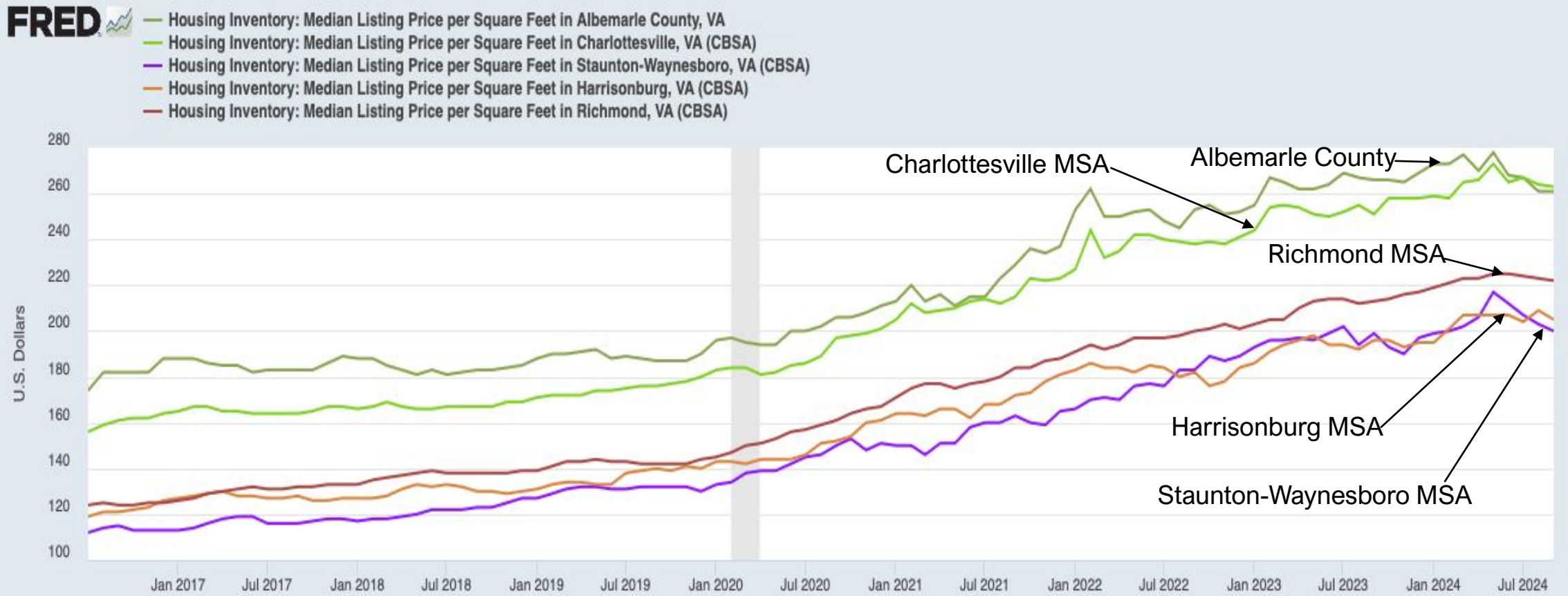
Shaded areas indicate U.S. recessions.

Source: U.S. Federal Housing Finance Agency

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Not seasonally adjusted

ALBEMARLE COUNTY'S MEDIAN LISTING ALSO HIGHEST IN REGION 2016 – SPRING 2024; DECLINED SUMMER 2024 (PER SQUARE FEET)



Shaded areas indicate U.S. recessions.

Source: Realtor.com

fred.stlouisfed.org

Not seasonally adjusted

TOP INDUSTRIES FOR PEOPLE WHO WORK IN ALBEMARLE COUNTY (RESIDENTS & REGION)

Top County Industries for Jobs (65%)

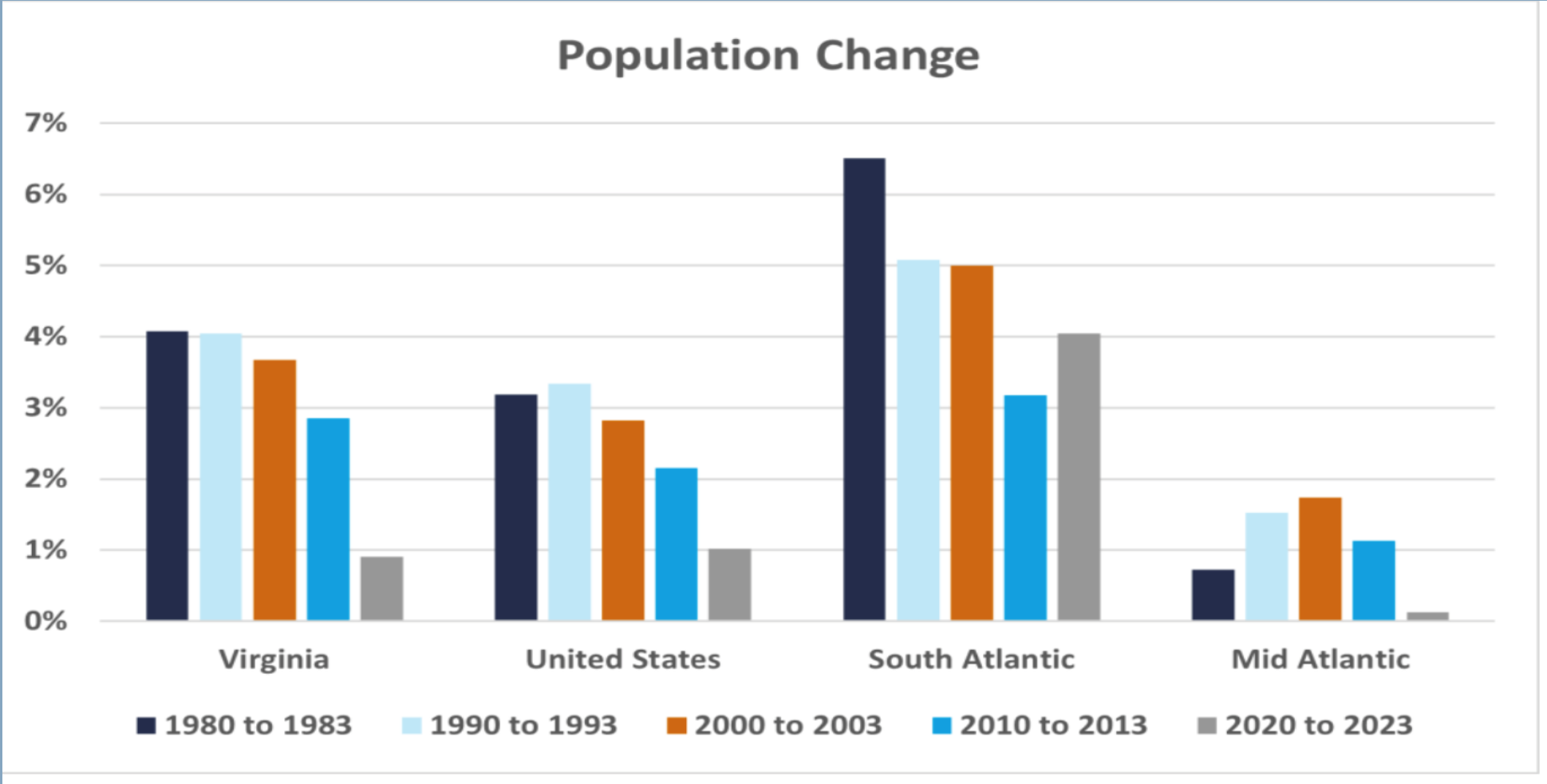
1. Health care and social assistance (21%)
2. Retail trade (15%)
3. Accommodation and food service (10%)
4. Professional, scientific, and technical services (11%)
5. Manufacturing (7%)

Top County Industries for Annual Payroll (75%)

1. Health care and social assistance
2. Professional, scientific, and technical services
3. Finance and insurance
4. Retail trade
5. Manufacturing
6. Construction

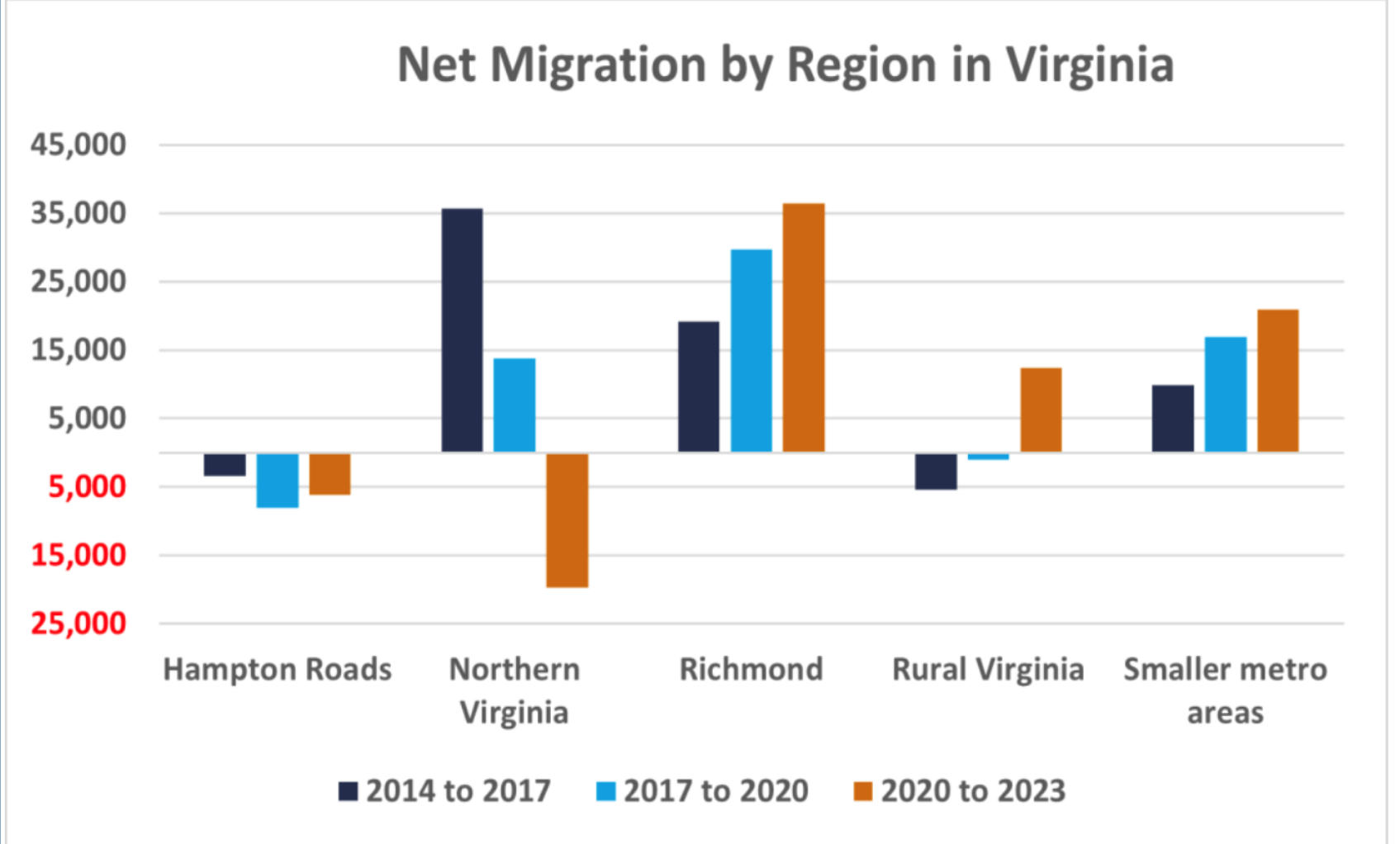
Source: U.S. Census, County Business Patterns 2022

U.S. SLOWER POPULATION GROWTH & REGIONAL SHIFTS



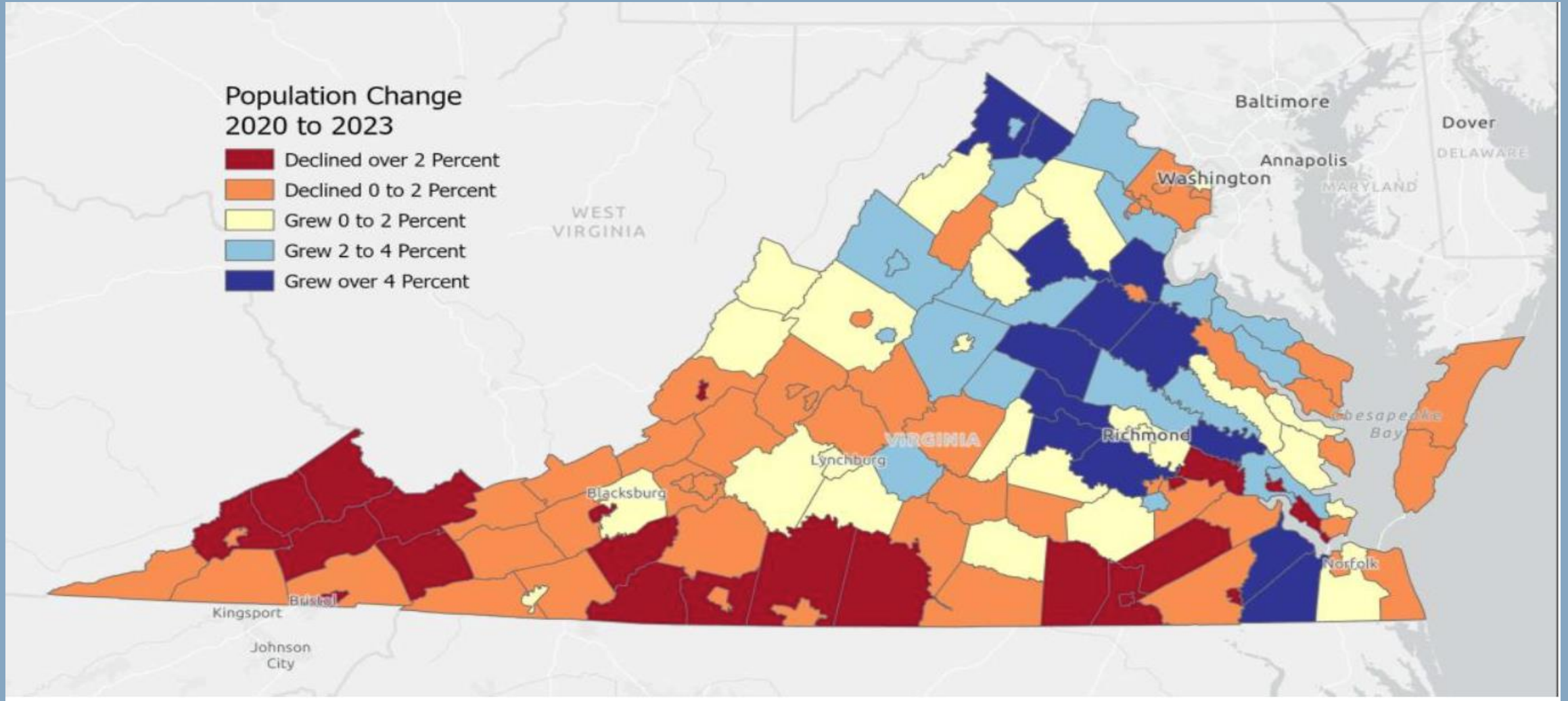
Source: Weldon Cooper Center, U. S. Census Bureau Population Estimates. The South Atlantic includes Florida, Georgia, North and South Carolina. The Mid Atlantic includes DC, Delaware, Maryland, New Jersey, New York and Pennsylvania.

VIRGINIA POPULATION SHIFTS BY REGION 2014–2023



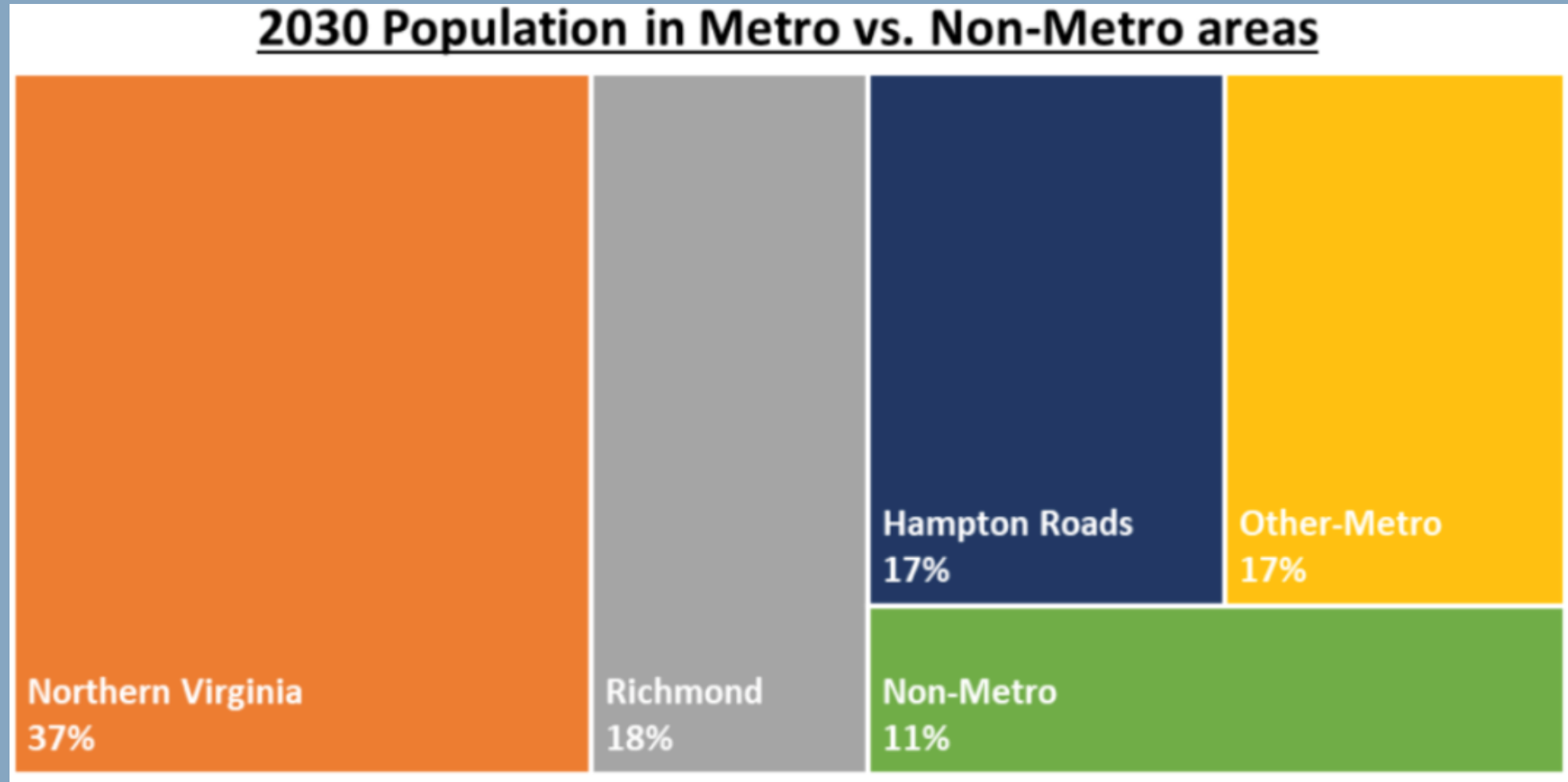
Source: Weldon Cooper Center Population Estimates.

VIRGINIA POPULATION CHANGE 2020–2023



Source: Weldon Cooper Center Population Estimates.

VIRGINIA 2030 POPULATIONS ESTIMATES BY REGION



Source: Weldon Cooper Center Population Estimates.