



Albemarle County

Legislation Text

File #: 21-309, **Version:** 1

AGENDA DATE: 6/2/2021

TITLE:

Albemarle County Q4 FY 21 Economic Outlook

SUBJECT/PROPOSAL/REQUEST: County Economic Indicators and Forecast for FY 21 and FY 22

ITEM TYPE: Consent Information Item

STAFF CONTACT(S): Richardson, Walker, Filardo, and Allshouse, S.

PRESENTER (S): N/A

LEGAL REVIEW: Not Required

REVIEWED BY: Jeffrey B. Richardson

BACKGROUND: The Albemarle County Economic Outlook report provides an overview of recent economic conditions in the County and the forecasted direction of Albemarle's economy.

STRATEGIC PLAN: Mission - To enhance the well-being and quality of life of all community members through the provision of the highest level of public service consistent with the prudent use of public funds.

DISCUSSION: The Albemarle County Economic Outlook report (Attachment A) and accompanying Table I (Attachment B) shows the state of the County's recent economic conditions and staff's forecast of the direction of Albemarle's economy for the remainder of FY 21 and FY 22, as of May 10, 2021.

The coronavirus pandemic, which began in Q4 of FY 20, clearly had an adverse impact on Albemarle's economy at the beginning of FY21, although this impact was not quite as severe as staff had estimated early in FY 21. Federal stimulus efforts, and the ability to work from home are among factors that might have helped mitigate the worst effects of the pandemic-induced contraction in the economy. The recession affected certain sectors of the County's economy, such as Accommodation and Food services, much more harshly than others, such as Health Care and Social Assistance, which appears to have expanded in FY 21. Staff thinks that the overall contraction that took place in the County's economy bottomed out sometime around Q1 of FY 21 and estimates that, by the end of FY 21, the region's Gross Domestic Product (GDP) will have grown by about 3.5% over the FY 20 level, the County's jobs base will have expanded by 1.3% over the FY 20 level, and Albemarle's unemployment rate will stand at about 4.8%. This last figure is higher than the 3.79% that the County experienced in FY 20, but staff notes that the FY 21 level of 4.8% reflects the relatively short spike in the rate during Q1 of FY 21.

The outlook for the County's economy in the remainder of the final quarter of FY 21 and the upcoming FY 22 appears to be generally improving. For FY 22, staff expects regional GDP to grow by approximately 4%; the County's jobs base to expand by 1,775 positions (or 3%); and Albemarle's unemployment rate to fall to 3.2%, a level which staff believes represents "full employment" in the County. There are a few issues in the macroeconomic picture, however, which temper this outlook, including global supply chain issues that might

slow the recovery of the U.S. economy and, by extension, Albemarle's economy; difficulties in the labor market that seem to be impacting the ability of firms in certain sectors to find new employees; and increases in the prices of building-related commodities, such as lumber, that might impact the construction industry. In coming months, staff will continue to monitor the progress of Albemarle's economic recovery.

BUDGET IMPACT: Information contained in Albemarle County Economic Outlook report reflects conditions that impact the County's current and future revenues and expenditures.

RECOMMENDATION:

This report is for information only. Staff welcomes the Board's feedback regarding the content and presentation of this report.

ATTACHMENTS:

A - Albemarle County Economic Outlook

B - Table I