



# Albemarle County

## Legislation Text

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**File #:** 21-463, **Version:** 1

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**AGENDA DATE:** 10/6/2021

**TITLE:**

Albemarle County Q1 FY 22 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) show 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 22, as of September 7, 2021.

The coronavirus pandemic, which began in Q4 of FY 20, clearly had an adverse impact on Albemarle's economy in FY 21, although this impact was not quite as severe as staff had forecasted early in FY 21. Federal stimulus efforts, the ability to work from home, and the development and distribution of vaccines are among factors that 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 Accommodations and Food Services, much more harshly than others, such as Professional and Technical Services, 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) grew in nominal terms by around 1.1% over the FY 20 level. Staff also estimates, however, that the County's jobs base contracted by 4.3%. For the whole of FY 21, the average monthly unemployment rate in Albemarle came to 4.75%, up from 3.79% in FY 20. The FY 21 level of 4.75%, however, largely reflects the relatively short spike in the rate during Q1 of FY 21.

The outlook for the County's economy in the remainder of FY 22 appears to be generally positive. Staff expects that regional GDP will grow nominally by about 6.2%; the County's jobs base will increase by 1,263 positions (or 2.3%); and Albemarle's unemployment rate will settle around 3%, a level that staff believes represents "full employment" in the County, subject to the usual caveats about the way that the unemployment rate is calculated. There exist some issues, however, in the macroeconomic picture which temper this outlook,

including global supply chain issues that might slow the expansion of the U.S. economy and, by extension, Albemarle's economy; a sudden recent drop in consumer confidence that, if sustained, potentially could have a negative impact on growth; and a potential jump in inflation, which could induce a sudden increase in interest rates that, in turn, could slow, halt, or even reverse the current economic expansion.

These caveats notwithstanding, staff remains cautiously optimistic about the prospects for Albemarle County's economy for the remainder of FY 22.

**BUDGET IMPACT:** Information contained in the 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