



U.S. & CenterState NY Economic Outlook

Gary D. Keith – Regional Economist

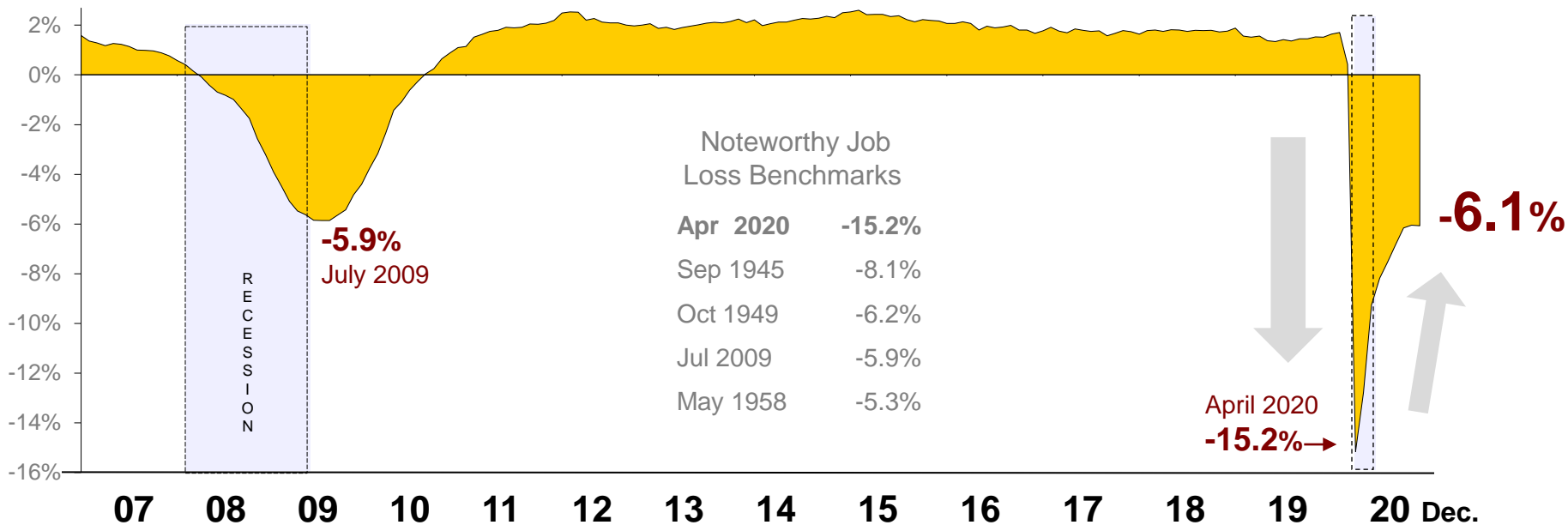
January 28, 2021

M&T Bank

U.S. Private Sector Employment

How Hard Did the Pandemic Hit the U.S. Economy?

There are no precedents to guide our forecasting—prior to the pandemic, the largest recorded job loss was **-8.1%** in September 1945, roughly half the **-15.2%** decrease in April



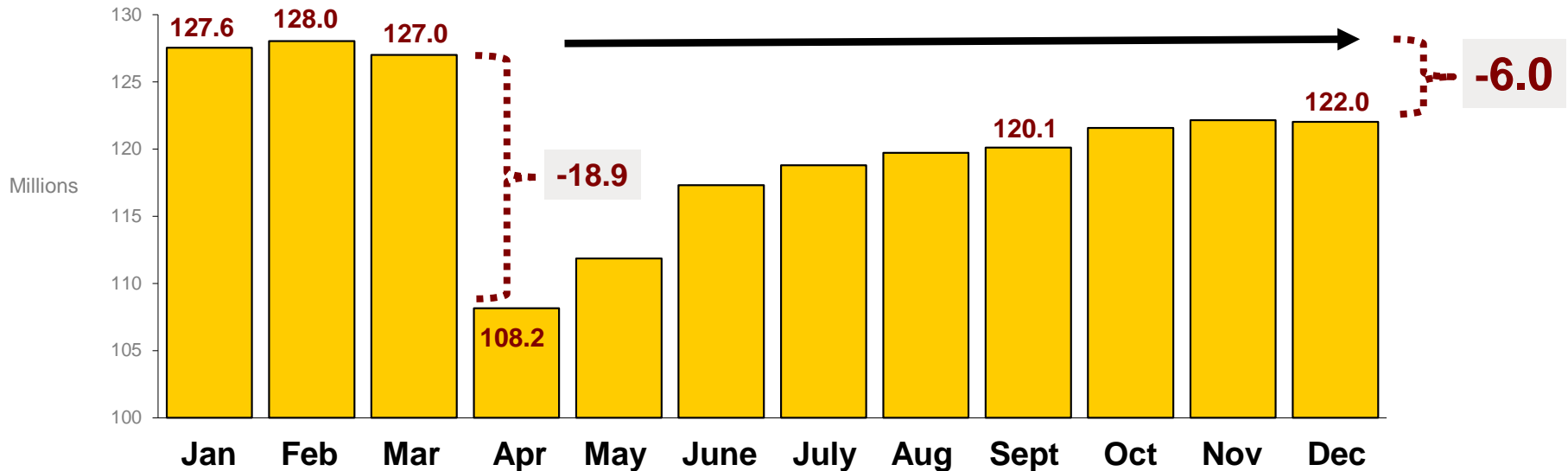
Seasonally Adjusted

U.S. Private Sector Employment

A Sobering Reality...

The Labor Market is Recovering, But Job Creation is Decelerating

While three-quarters of the April loss has been recouped, the hiring pace has slowed and total employment remains 6 million below February's peak—a \$500 billion annualized hit to payroll income

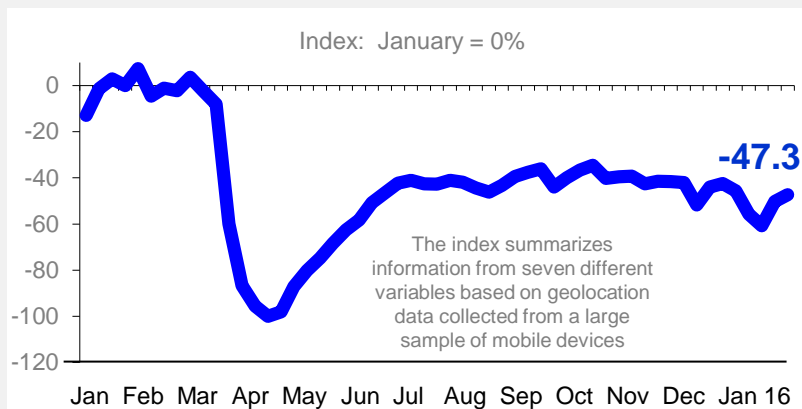


When Will the Economy Rebound? When People Are Comfortable Resuming Their Normal Mobility Patterns

Mobility is Still Constrained

The rebound in consumer and labor market travel has flattened out

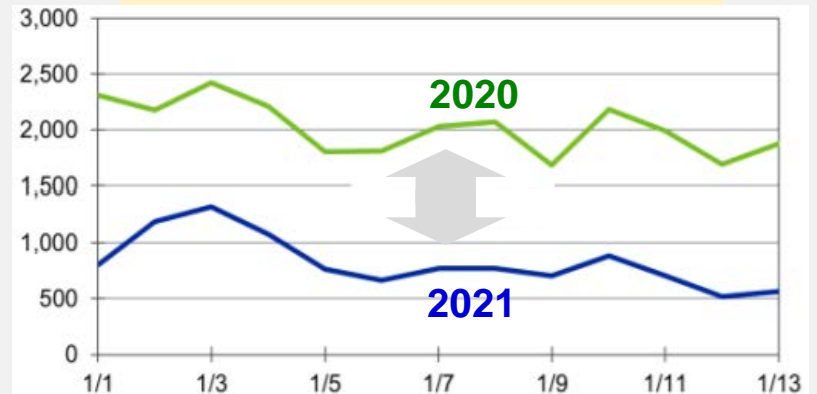
Federal Reserve Bank of Dallas U.S. Mobility & Engagement Index



Airlines Remain Grounded

Carriers are shedding jobs and routes as travel continues to lag

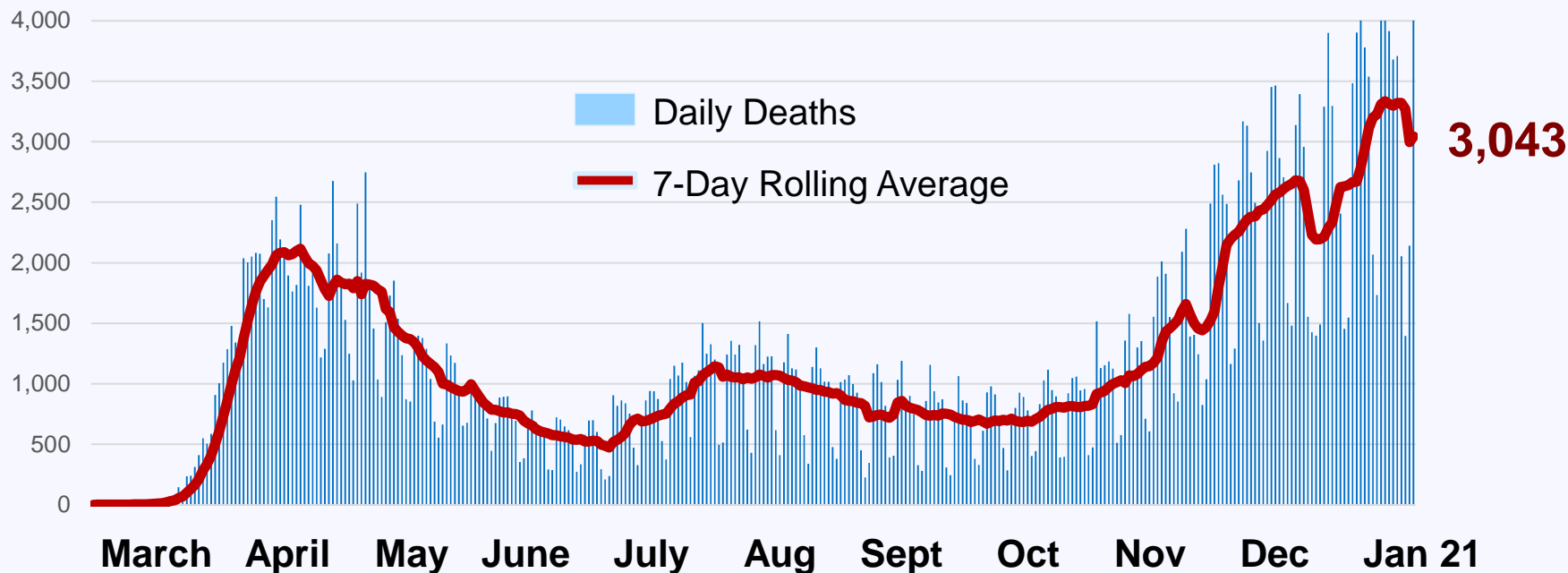
7-Day Moving Average (Millions) Travelers Passing Through Airport TSA Checkpoints



U.S. Daily Deaths From COVID-19

The Virus Will Determine the Path of Economic Recovery

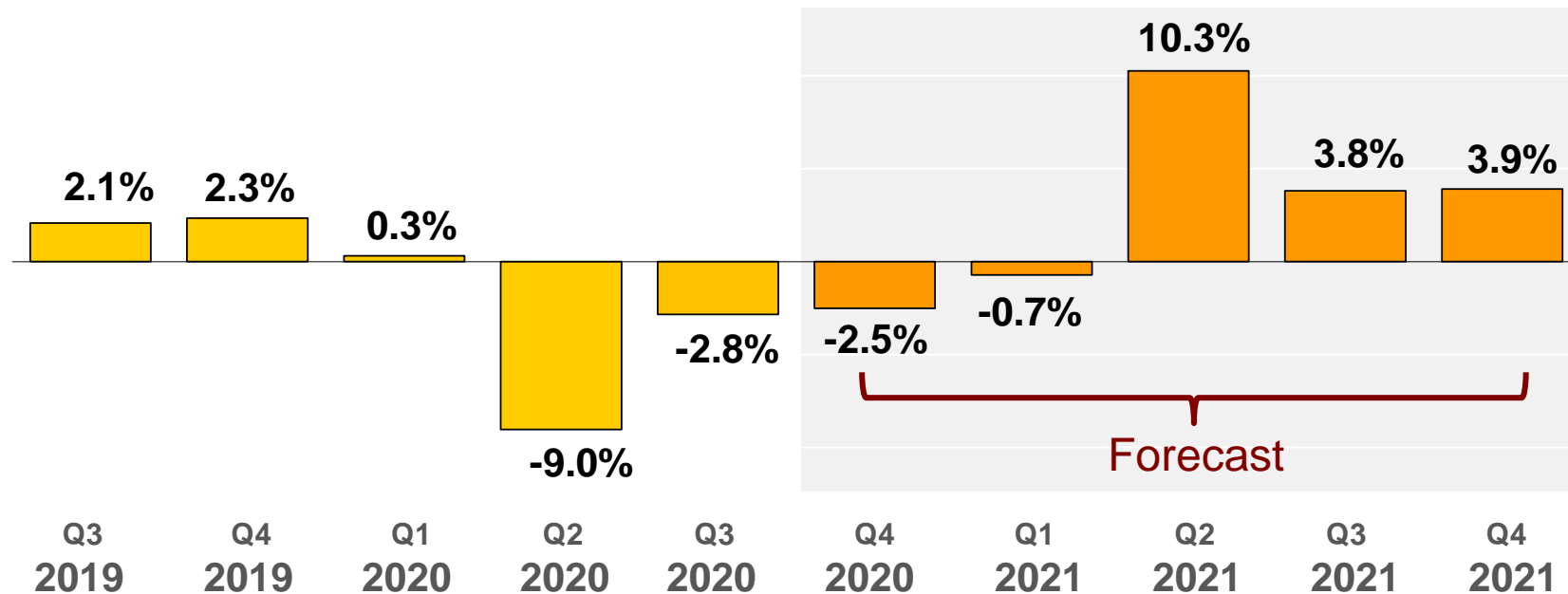
Colder weather, the November election and seasonal holidays have led to an uptick in coronavirus cases, creating a stiff headwind for near-term growth



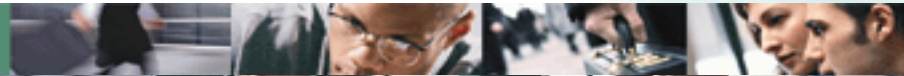
U.S. Real Gross Domestic Product Forecast

Output is Expected to Move Back Above Pre-Pandemic Levels in Mid-2021

The vaccination roll-out will allow consumer mobility and economic growth to rebound, aided by significant fiscal stimulus and continued monetary policy support from the Federal Reserve



How's the CenterState NY region performing?

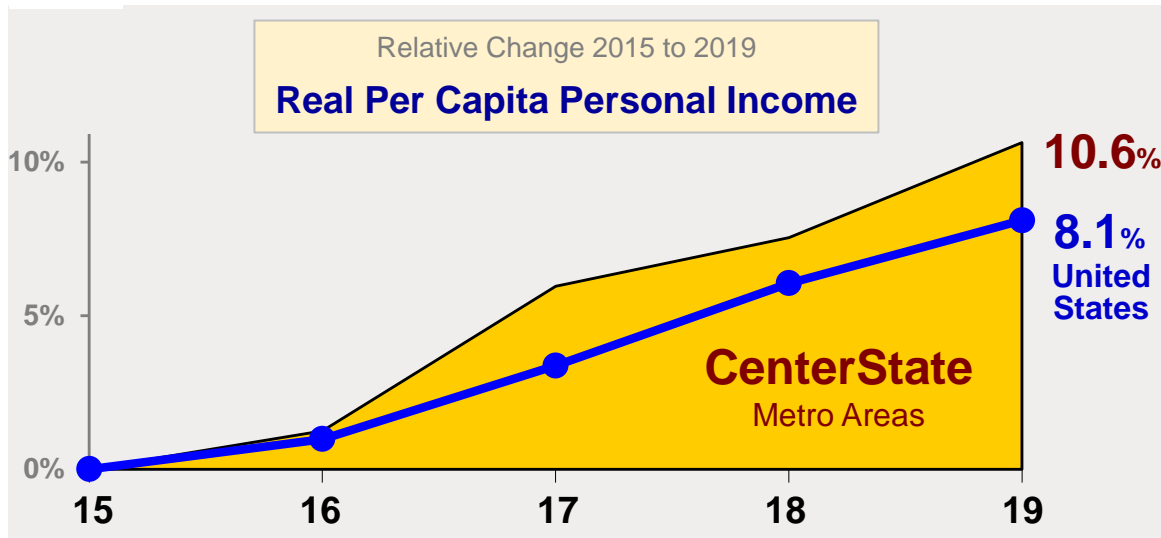


CenterState NY Real Per Capita Personal Income

Before Looking Ahead...a Look Back at the Local Economy Heading Into 2020

CenterState Personal Income Growth Was Accelerating

The region was making solid progress in raising personal income levels, with the 2.9% increase in 2019 topping the U.S. average, after running well behind from 2010-15



Change in Real Per Capita Personal Income—2019

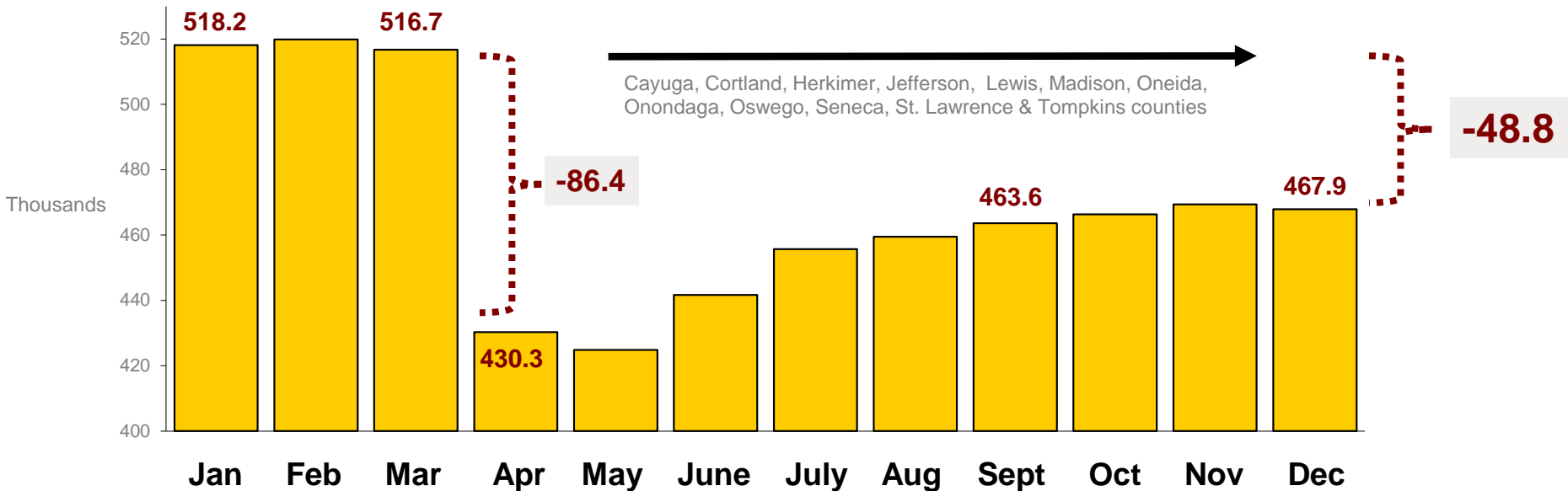
CenterState	2.9%
Rochester	2.6%
Buffalo	2.5%
Albany	2.5%
United States	1.8%

Seasonally Adjusted

CenterState NY Private Sector Employment

COVID-19 Brought Regional Growth to an Abrupt Halt

Although nearly 40,000 jobs have been recovered since April, that's less than half the net loss since the pandemic began—representing a **\$2 billion (10%)** annualized hit to payroll income



CenterState NY Job Losses – December 2020



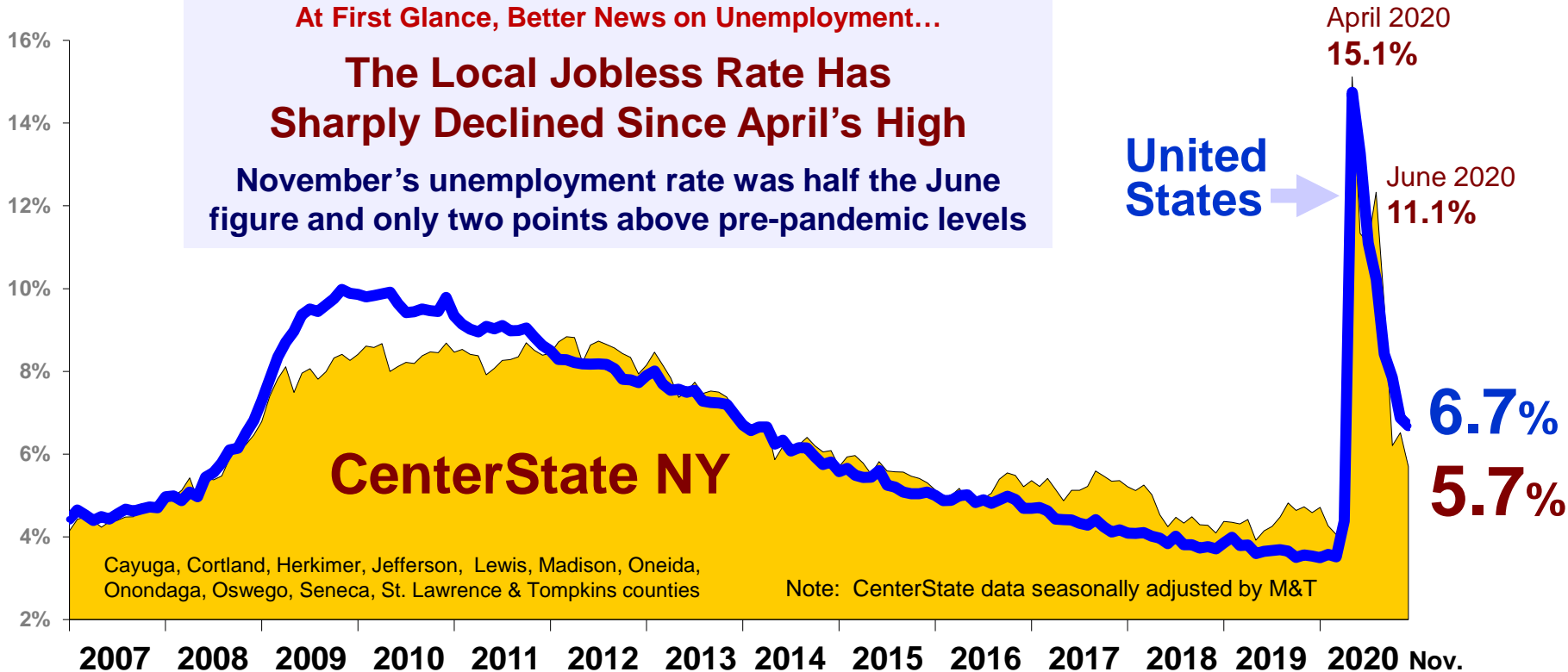
Seasonally Adjusted

CenterState NY Unemployment Rate

At First Glance, Better News on Unemployment...

The Local Jobless Rate Has
Sharply Declined Since April's High

November's unemployment rate was half the June figure and only two points above pre-pandemic levels



Cayuga, Cortland, Herkimer, Jefferson, Lewis, Madison, Oneida, Onondaga, Oswego, Seneca, St. Lawrence & Tompkins counties

Note: CenterState data seasonally adjusted by M&T

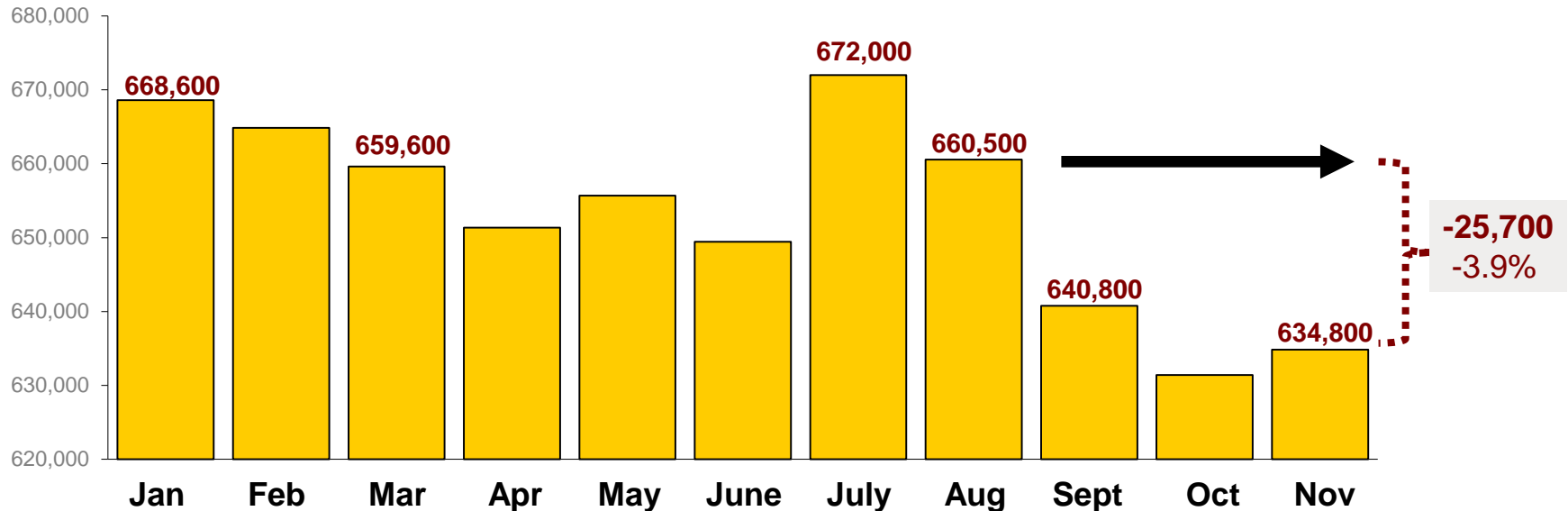
Seasonally Adjusted

CenterState NY Labor Force

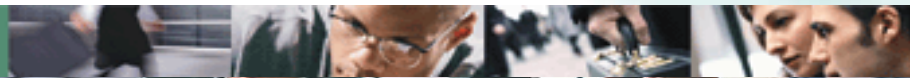
...Masks a Troubling Trend

Fewer People Are Participating in the Workforce

The drop in labor force participation since August is worrisome, suggesting that unemployed individuals may be “giving up” looking for work with the end of supplemental jobless benefits



***“So, Where Do
We Go From Here?”***



Through January 23, 2021

Central NY and Mohawk Valley COVID-19 Hospitalizations

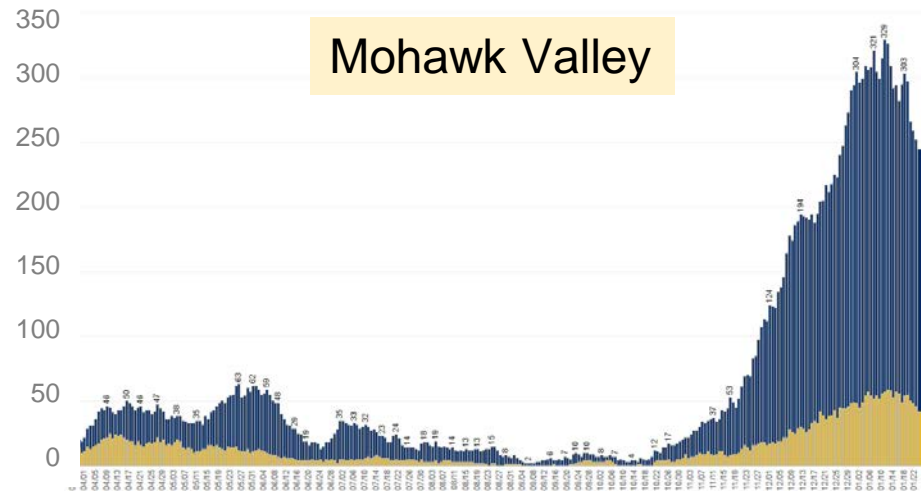
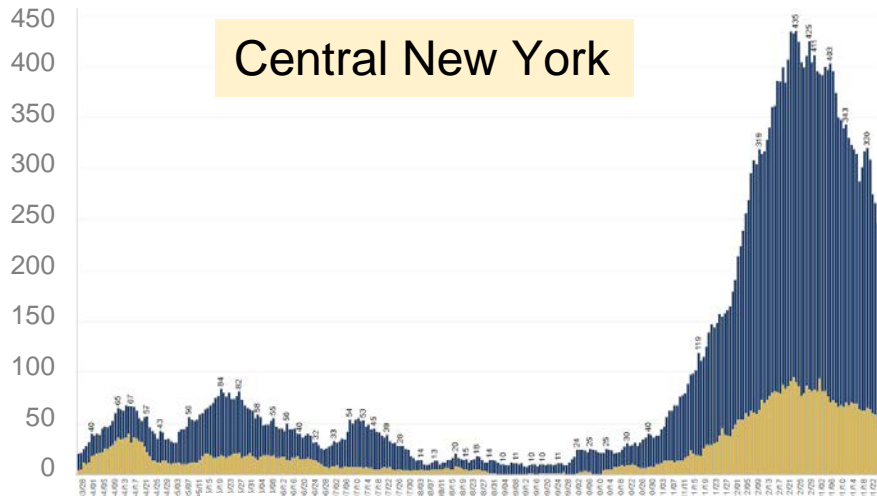
The Virus Will Determine the Pace of Near-Term Economic Growth

How Quickly Can We Roll Out a Vaccination Program?

Coronavirus cases and hospitalizations remain elevated, putting pressure on regional reopening

■ Total COVID-19 Patients Hospitalized

■ Total COVID-19 Patients in ICU

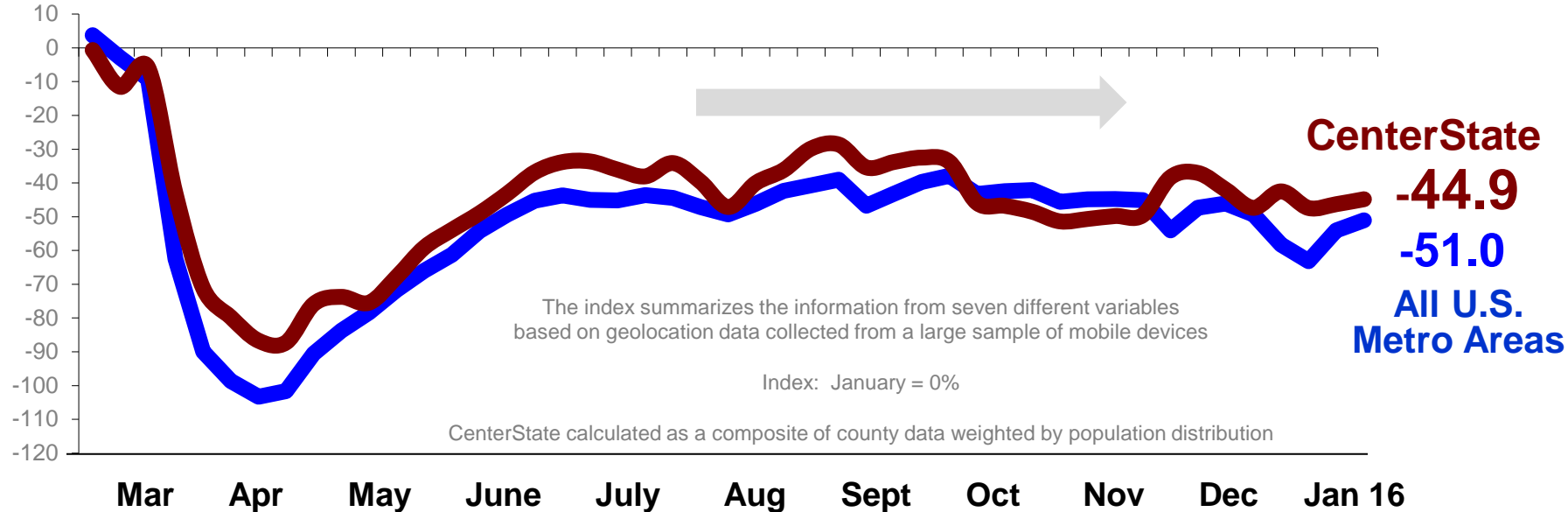


CenterState NY “*Mobility and Engagement*” Index

Something to Keep a Close Eye On

Economic Growth Will Remain Constrained Until Mobility Improves

While local scores are tracking the U.S., freedom of movement remains a long way from “normal”

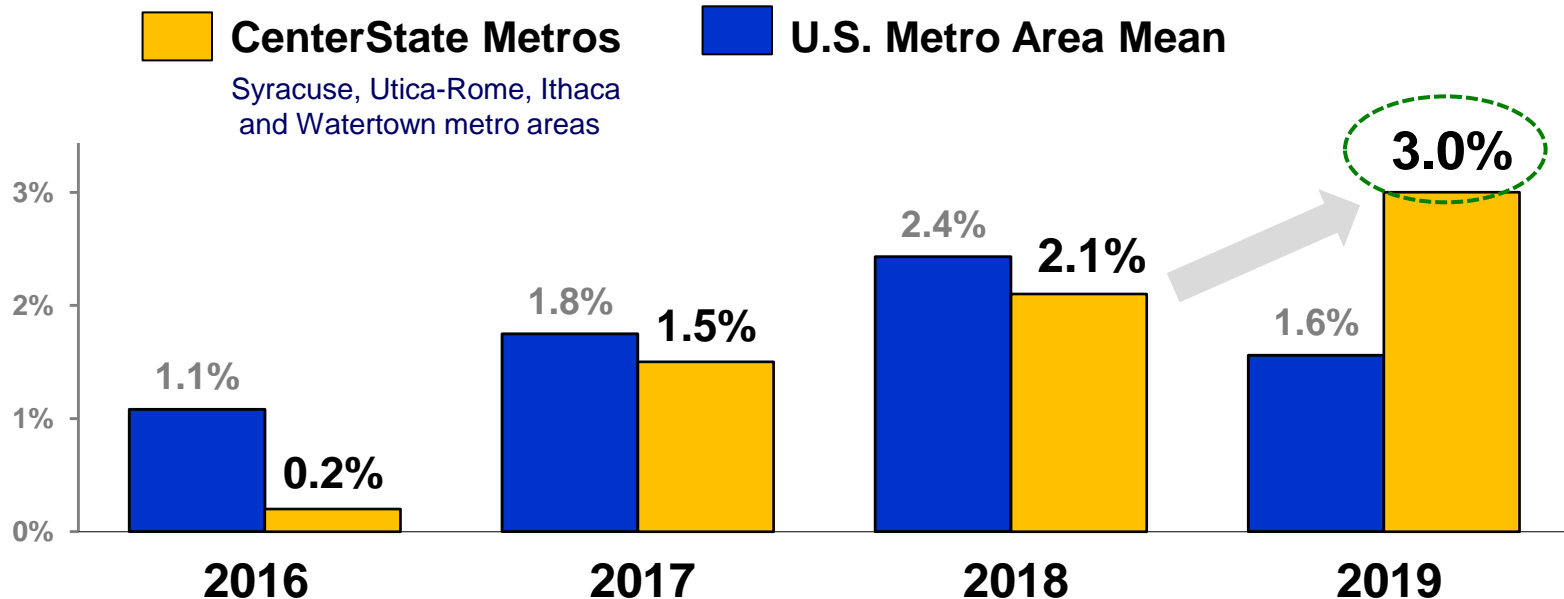


CenterState
-44.9
All U.S.
Metro Areas
-51.0

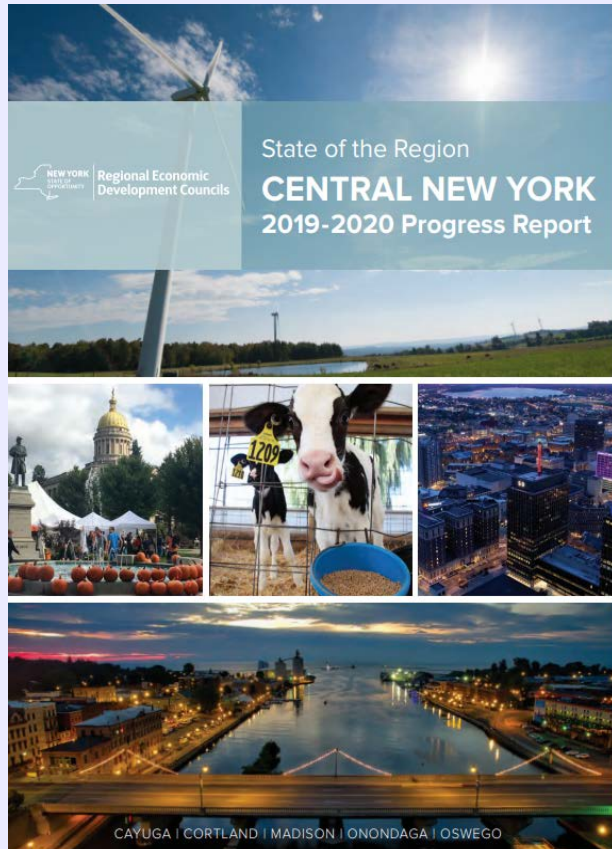
CenterState NY Real GDP Per Capita

Post-Pandemic, Get Back to What Was Working

Continuing to build on the public and private sector efforts to transform CenterState's economic structure should be Job One



“Keep Planning the Work, Working the Plan”



Central New York Innovation Hot Spot

This 21-partner consortium, headed by CenterState CEO at The Tech Garden, delivers innovative physical and virtual incubation and business development programming combining higher education resources with early-stage funding, coaching and mentorship.

Mohawk Valley | thINCubator

This “home of innovative new companies,” in downtown Utica, serves the community and the region’s higher education institutions. The thINCubator drives innovation and entrepreneurship in collaboration with multiple area stakeholders.

Griffiss Institute Certified Business Incubator (GI)

The Rome-based incubator, serving the Mohawk Valley partners with thINCubator and other regional economic development entities to combine numerous high-tech, information and cybersecurity assets with programs and services to support local entrepreneurs.

Central New York Biotech Accelerator

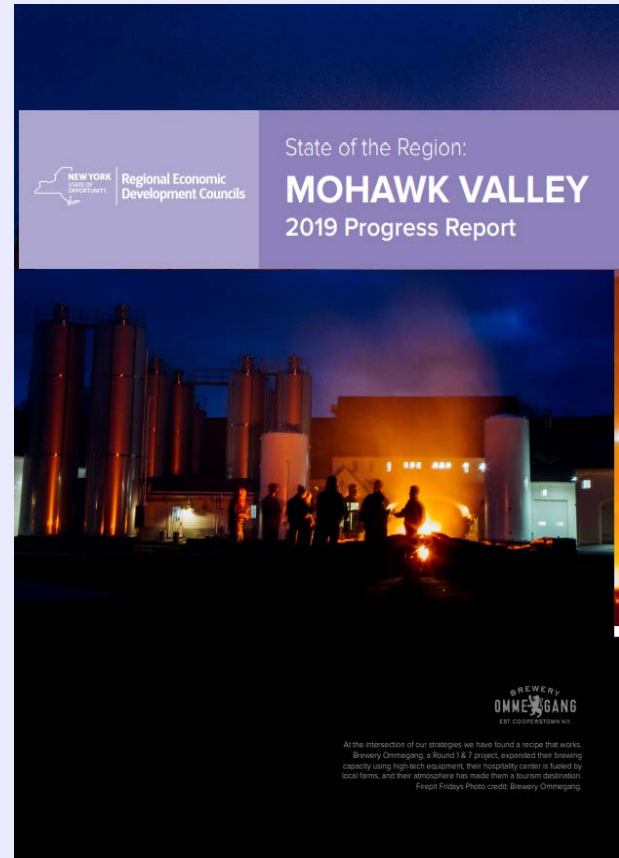
CNYBAC is a biotech incubator/accelerator that promotes ready access to Upstate Medical University’s experts, facilities, and equipment for biotech startups, early discovery innovators, entrepreneurs, mentors, service providers, and innovation clubs.

Mohawk Valley Farm & Food Business Incubator (FFBI)

This partnership between SUNY Cobleskill and the Center for Agricultural Development and Entrepreneurship (CADE), provides a variety of services for clients, including food processing and commercial kitchens.

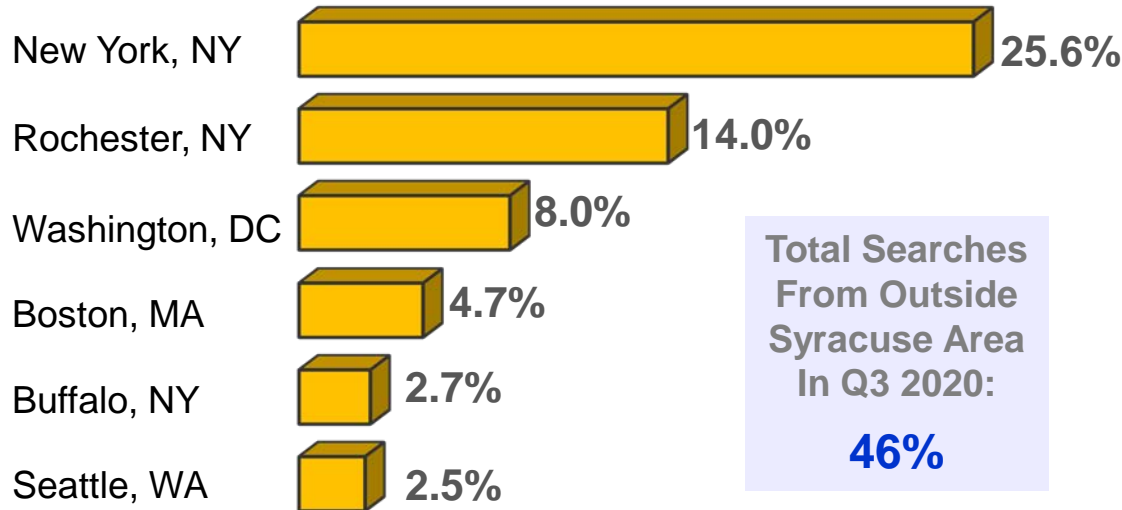
Rev Ithaca Startup Works

Rev is an Ithaca-based, collaborative project with New York State, Cornell University, Ithaca College and Tompkins Cortland Community College to develop startups and grow regional economy and employment.



“Survey: One-Third of Homebuyers Would Relocate If Remote Work Becomes Permanent”

Percentage of Redfin users in Q3 2020 searching Syracuse properties from...



Total Searches From Outside Syracuse Area In Q3 2020:
46%

- Pandemic-driven relocation is likely to continue in 2021
- 72% of remote workers expect to continue doing so post-pandemic
- One-third of homebuyers would consider moving to a different city or area given the opportunity to work remotely permanently