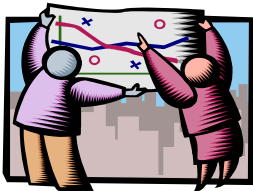




December 2013
CY Quarter 4

Special points of
interest:

- **Boise unemployment rate fell to 4.6% in December**
- **Multi-family construction posted a strong quarter**
- **Total foreclosure inventory remained low**



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CY = Calendar Year
Q = Quarter

Division of Strategic Planning & Budget Management Economic Brief

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Quarterly Summary

- Employment** ↑ Employment results have been consistently positive. Boise’s unemployment rate is nearly 200 basis points lower than the national average.
- Construction** ↑ Total permit values increased 24% compared to the prior year. Dwelling permit growth was especially high this quarter—87% higher than the prior year.
- Airport Traffic** — Total passenger traffic increased 0.6% compared to the prior year: even a small amount of passenger traffic growth is important and noteworthy.
- Sales Tax** ↑ Gross sales tax increased 5% year-over-year (YOY)—another strong indicator of economic growth.
- Housing** ↑ Home prices continue to rise, foreclosure rates continue to trend at very low levels, and home inventory remains low.

NOTE: Signs indicate a general economic outlook compared to the previous quarter and/or year.

Employment Data ↑

The City of Boise continues to outperform the Boise Metropolitan Statistical Area (MSA), the State of Idaho, and the United States as a whole in regards to employment. Boise ended the quarter by posting a 4.6% unemployment rate for December—100 basis points less than last year. The Boise unemployment rate is slightly lower this quarter compared to last quarter. Total employment for Boise in December reached 106,950 workers. The three-month average unemployment rate in Boise for the quarter was 5%, 90 basis points lower than the three-month average for last year. The average total employment for Boise this quarter increased by 932 workers, or 0.9%, YOY.

During the month of October, unemployment numbers were much higher relative to the rest of the quarter. The unusual unemployment numbers in October reflect the federal government shutdown and subsequent temporary layoffs for many federal workers and contractors.

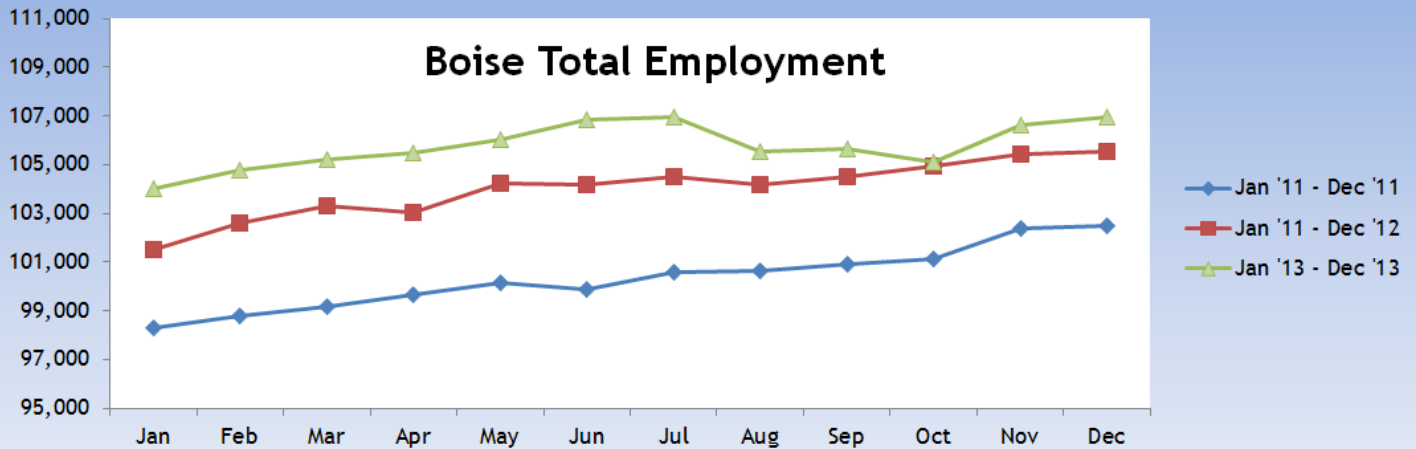
*This quarterly brief is based on the calendar year, not the fiscal year
*Basis point is a function of a percent (100 BP = 1%)

Employment cont.

Dec '13 (Preliminary)					Dec '12 (Actual)			
Area	Labor Force	Total Employed	# u/e	% u/e	Labor Force	Total Employed	# u/e	% u/e
U.S. Unemployment				6.5%				7.6%
Idaho	770,491	728,350	42,141	5.5%	771,227	721,672	49,555	6.4%
Ada County	206,240	196,818	9,422	4.6%	205,461	194,197	11,264	5.5%
Boise MSA	308,593	292,972	15,621	5.1%	307,922	289,070	18,852	6.1%
Boise City	112,063	106,950	5,113	4.6%	111,833	105,525	6,308	5.6%
Nov '13 (Revised)					Nov '12 (Actual)			
Area	Labor Force	Total Employed	# u/e	% u/e	Labor Force	Total Employed	# u/e	% u/e
U.S. Unemployment				6.6%				7.4%
Idaho	771,224	729,839	41,385	5.4%	771,686	723,918	47,768	6.2%
Ada County	205,938	196,212	9,726	4.7%	205,550	193,995	11,555	5.6%
Boise MSA	307,836	292,069	15,767	5.1%	307,435	288,770	18,665	6.1%
Boise City	111,933	106,620	5,313	4.7%	111,853	105,416	6,437	5.8%
Oct '13 (Revised)					Oct '12 (Actual)			
Area	Labor Force	Total Employed	# u/e	% u/e	Labor Force	Total Employed	# u/e	% u/e
U.S. Unemployment				7.0%				7.5%
Idaho	773,696	728,586	45,110	5.8%	778,349	731,200	47,149	6.1%
Ada County	204,820	193,375	11,445	5.6%	204,995	193,066	11,929	5.8%
Boise MSA	305,477	287,847	17,630	5.8%	306,148	287,387	18,761	6.1%
Boise City	111,383	105,079	6,304	5.7%	110,510	104,911	6,599	5.9%
Q4 '13 Average					Q4 '12 Average			
Area	Labor Force	Total Employed	# u/e	% u/e	Labor Force	Total Employed	# u/e	% u/e
U.S. Unemployment				6.7%				7.5%
Idaho	771,804	728,925	42,879	5.6%	773,754	725,597	48,157	6.2%
Ada County	205,666	195,468	10,198	5.0%	205,335	193,753	11,583	5.6%
Boise MSA	307,302	290,963	16,339	5.3%	307,168	288,409	18,759	6.1%
Boise City	111,793	106,216	5,577	5.0%	111,399	105,284	6,448	5.8%

Source: Idaho Department of Labor, data through December 2013 (not seasonally adjusted)

Employment cont.



Boise MSA Non-Farm Employment Sector Information

The Boise MSA has 54 different employment sectors, all of which have reacted differently to current economic conditions. The following table highlights the 4 best and worst performing sectors compared to both last quarter and last year. When combining the 54 sectors, total employment rose 0.2% compared to last quarter and 2% when compared to the same time last year. The state and local government education gains from this quarter compared to last quarter are explained by the seasonality of teaching. Along the same lines, losses in leisure & hospitality are also typical for this time of year. High year-over-year (YOY) gains in business support services and employment services are expected as the economy continues on its trajectory of growth. Computer and other electronic-related manufacturing jobs are experiencing the highest YOY losses of this quarter.

Quarter-over-quarter (Q4 to Q3) # Jobs % Change Year-over-year (Q4 '13 to Q4 '12) # Jobs % Change

Gains

STATE GOVERNMENT EDUCATION	2,800	6.7%
LOCAL GOVERNMENT EDUCATION	7,400	6.6%
LOCAL GOVERNMENT	7,000	6.1%
GENERAL MERCHANDISE STORES	1,900	5.9%

Gains

BUSINESS SUPPORT SERVICES	2,300	10.6%
GENERAL MED. & SURGICAL FACILITIES	3,200	9.3%
EMPLOYMENT SERVICES	2,300	9.2%
FINANCIAL ACTIVITIES	2,900	6.6%

Losses

ADMIN, SUPPORT, WASTE MGMT. SVCS.	(3,200)	-4.2%
ADMINISTRATIVE & SUPPORT SERVICES	(3,200)	-4.3%
LEISURE & HOSPITALITY	(4,600)	-5.8%
SERVICES TO BUILDINGS & DWELLINGS	(2,100)	-14.5%

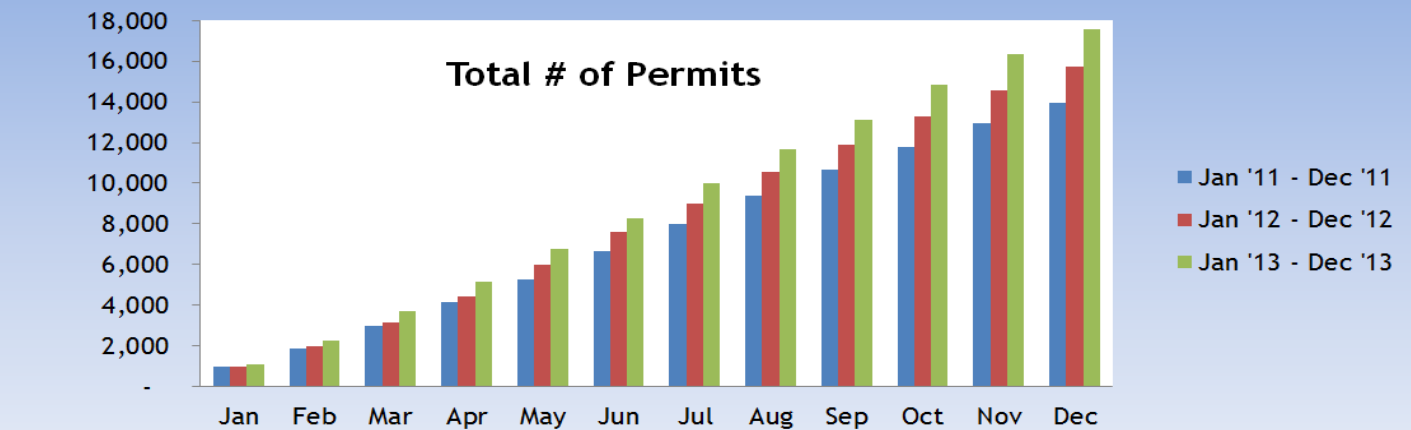
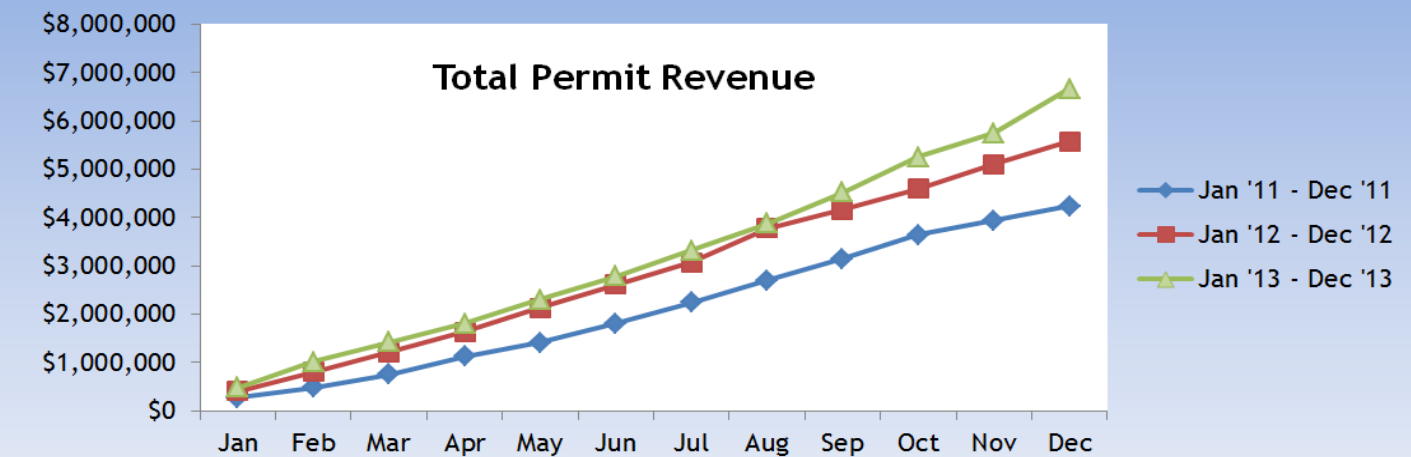
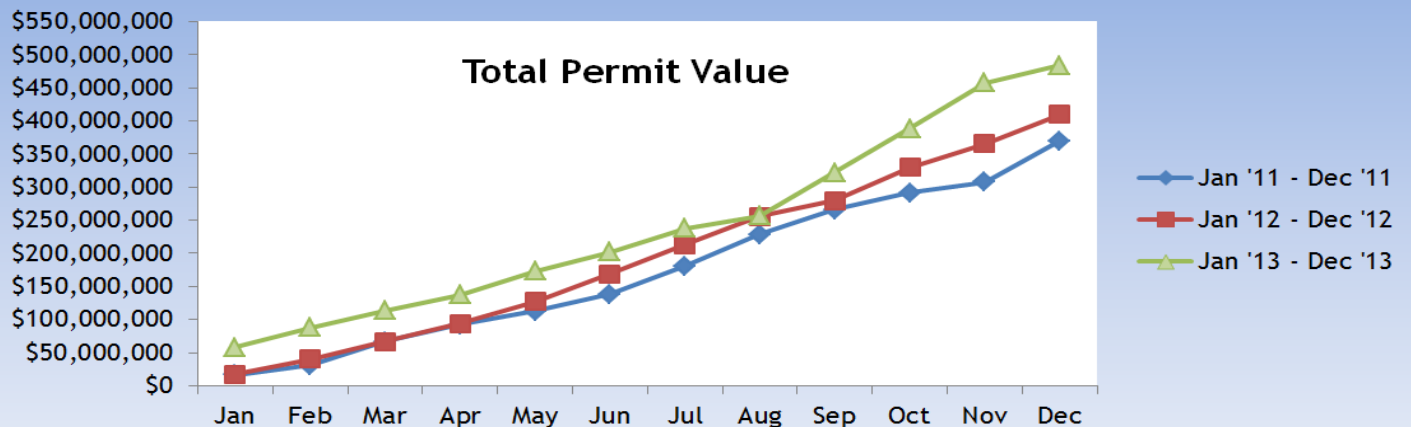
Losses

SERVICES TO BUILDINGS & DWELLINGS	(400)	-3.1%
COMPUTER & ELECTRONIC MFG.	(1,000)	-3.4%
SEMICONDUCTER & OTHER ELECTR. MFG.	(800)	-3.6%
COMPUTER & PERIPHERAL MFG.	(300)	-4.3%

Source: Idaho Department of Labor, data through December 2013 (not seasonally adjusted)

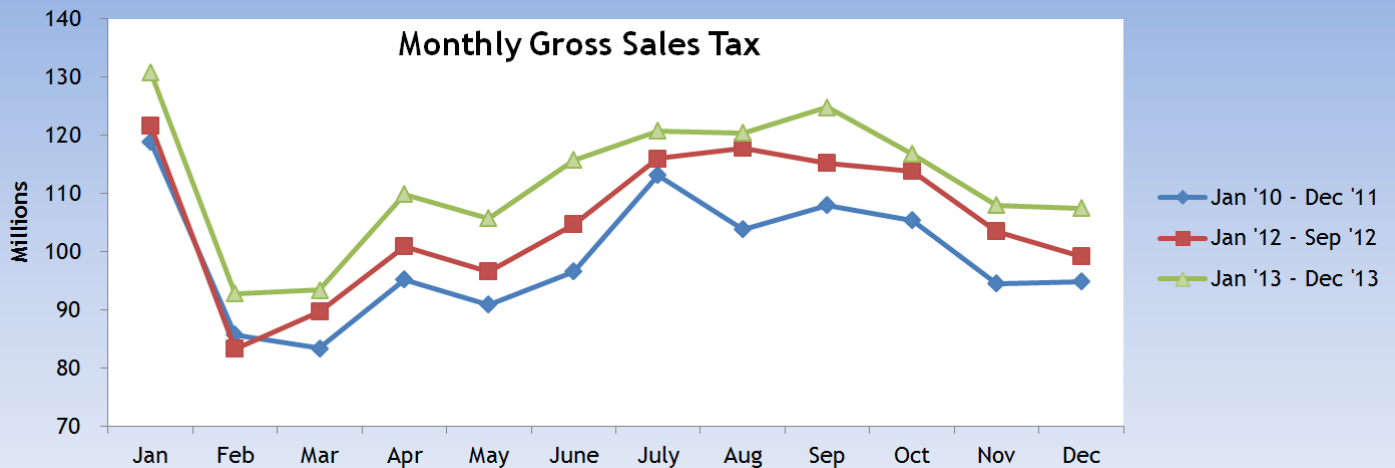
Construction Activity

This analysis compares January through December of the current year with previous years. Construction activity kept pace and delivered another strong quarter. Total permit values this quarter increased 24% year-over-year (YOY). The total number of permits issued this quarter increased 15% YOY. Permits for the dwellings category (including single family, multi-family, etc.), typically considered the key construction driver, increased 87% YOY; 92 permits for multi-family housing were issued this quarter compared to 0 last year. Permits for the dwellings other category (including garages and modifications, etc.) increased 25% YOY, which is an indicator that renovations continue to be a focus in the construction market. Commercial and trade construction activity both performed well this quarter at 18% and 15% YOY increases, respectively.



State Sales Tax ↑

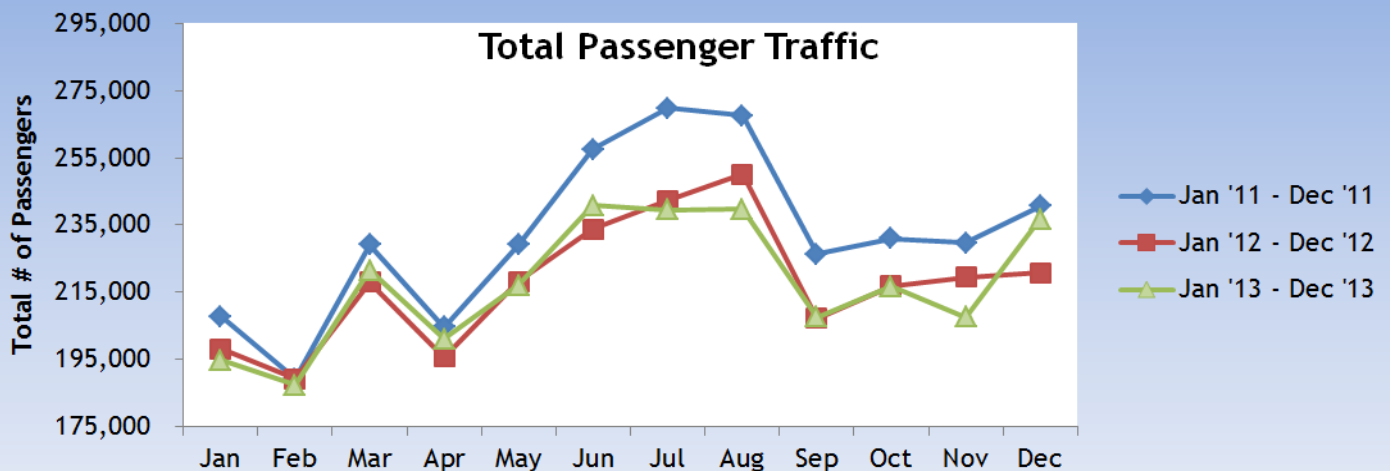
The City shares sales tax revenue with the State and receives its portion on a quarterly basis. The chart below reflects the gross sales tax collected by the State. Gross sales tax collected this quarter was \$15,488,794, or 4.9%, more than one year ago. The pattern of gross sales tax collection remains consistently higher than previous years, which suggests a new base level of collection.



Source: Idaho State Tax Commission

Airport Passenger Traffic —

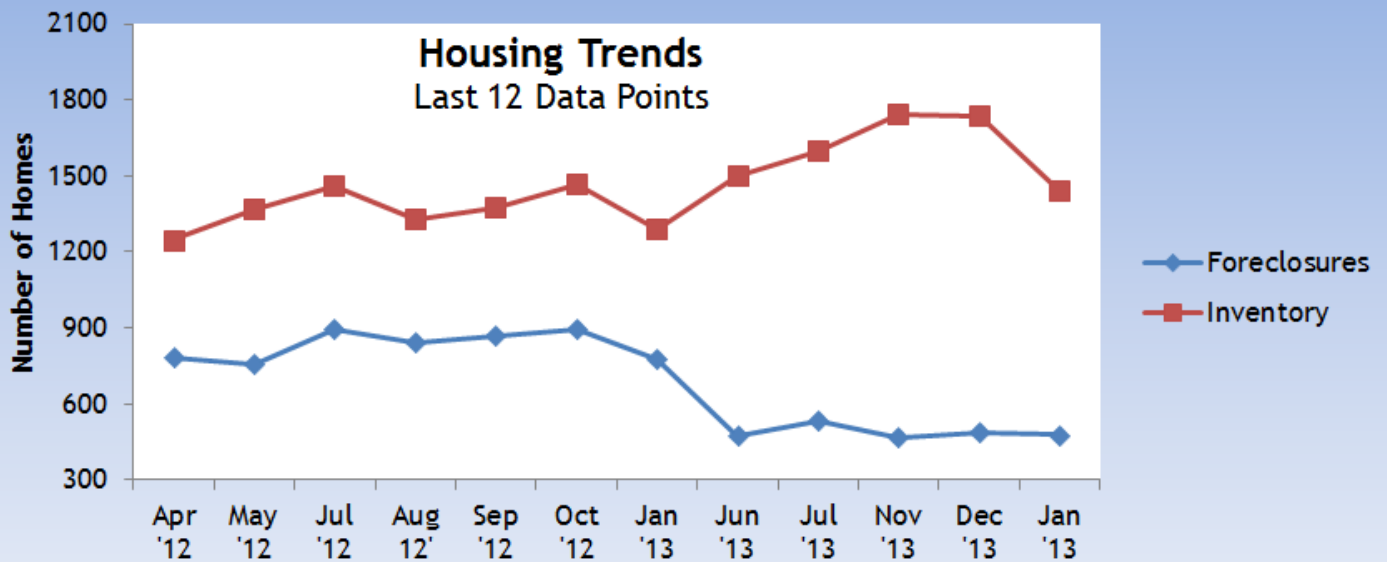
The number of air passengers is a strong indicator of the global and local economic environment. During this quarter, total air passenger traffic in Boise increased by 3,924 passengers, or 0.6%, over Q4 of last year. The increase in passenger traffic YOY is a relatively small, but positive indication. The low-high swing in passenger count in November and December is due to Thanksgiving occurring at the end of the month rather than a week earlier as is usual. The addition of new flights provides more choices for consumers and increases competition among the airlines, which causes downward pressure on passenger fares. In November, Alaska Airlines added a new nonstop flight to San Diego and announced a new flight to Salt Lake City in competition with Delta Airlines beginning in June. Southwest Airlines recently announced a new nonstop flight to Chicago, which is also beginning in June.



Source: Airport Department, City of Boise

Housing Trends (latest available data) ↑

The trend of low historical foreclosure inventory levels continued this quarter: the last 3 data points showed an average foreclosure inventory level of 477 homes in the pre-foreclosure, auction, or bank-owned stages of the foreclosure process. Home inventory levels ended the quarter in December with a large decrease over last month. The combination of lower home inventory levels and lower foreclosure inventory levels creates higher home prices. According to the Federal Housing Finance Agency in its update for November, the Boise MSA home price index (HPI) has increased 14.68% YOY. If the home price trend continues, more homeowners will respond by listing their homes for sale— thus boosting inventory levels. Expectations are that the anticipated increase in mortgage rates will put downward pressure on rising home prices.



Source: www.trulia.com