

CITY OF BOISE

Office of Budget Development & Monitoring Economic Brief

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Volume 6

Quarter 4 (CY)
2014

(October 1–December 31)



Special Points of Interest

- Boise's unemployment rate is down to 2.4%
- Total airport traffic is up 8.9% YOY

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CY = Calendar Year
Q = Quarter
YOY= Year-Over-Year
MSA= Metropolitan Statistical Area

Quarterly Summary

Employment	↑	Boise's unemployment rate fell to 2.4% and remains relatively low when measured against comparable cities, Idaho, and the United States.
Construction	↓	Construction permit revenue decreased by \$241k, or 11.2%, over last year, which is primarily due to a 13.3% decrease in new single family home permits. That statistics related to the construction environment will be continually monitored.
Housing	↑	Home prices for Boise MSA have increased by 7.5% when compared To last year. Low foreclosure rates are a key element to existing home price increases.
Sales Tax	↑	Sales tax receipts increased by \$23.0M, or 6.9%, over last year. Sales tax is expected to remain strong.
Airport Traffic	↑	Total airport traffic increased by 8.9% over the prior year, which is partly due to an increasing number of flight destinations.

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

Employment Data ↑

When compared with the prior year, the unemployment rate for Boise in the fourth quarter dropped 220 basis points, from 4.6% to 2.4%. When compared to the prior quarter, the unemployment rate for Boise dropped 90 basis points, from 3.3%. Relative to comparable cities in the western United States, Boise continues to post some of the lowest unemployment rates. Boise's unemployment rate in December was 40 basis points below the Boise MSA, 130 basis points below Idaho, and 300 basis points below the United States. Total employment in the fourth quarter increased by 5,367 jobs, or 5.0%, compared to last year. Compared to the prior quarter, total employment increased by 3,368 jobs, or 3.1%.

The unemployment rate measure includes jobless persons who are available to work and who have actively looked for work in the past four weeks. Since this statistic does not include discouraged or underemployed workers, parts of the employment picture may be missing. Underemployment is a complex and difficult statistic to measure; however, the Bureau of Labor Statistics created a measure designed to more broadly measure unemployment by counting unemployed (including long-term job seeking), temporary workers, and part-time workers (those that are part-time for economic reasons). For this measure in 2014, Idaho was ranked as the 18th lowest state in the country at 10.1% of the labor force. According to this BLS measure, Idaho has relatively low underemployment compared to the rest of the Country.

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

Employment (continued)

Oct '14 (Revised)					Oct '13 (Actual)			
Area	Labor Force	Total Employed	# Unemployed	% Unemployed	Labor Force	Total Employed	# Unemployed	% Unemployed
Boise City	112,458	109,405	3,053	2.7%	11,283	105,430	5,853	5.3%
Ada County	209,304	203,307	5,997	2.9%	206,604	195,920	10,684	5.2%
Boise MSA	311,224	301,507	9,717	3.1%	306,979	290,551	16,428	5.4%
Idaho	776,248	751,536	24,712	3.2%	775,979	734,274	41,705	5.4%
United States				5.5%				7.0%

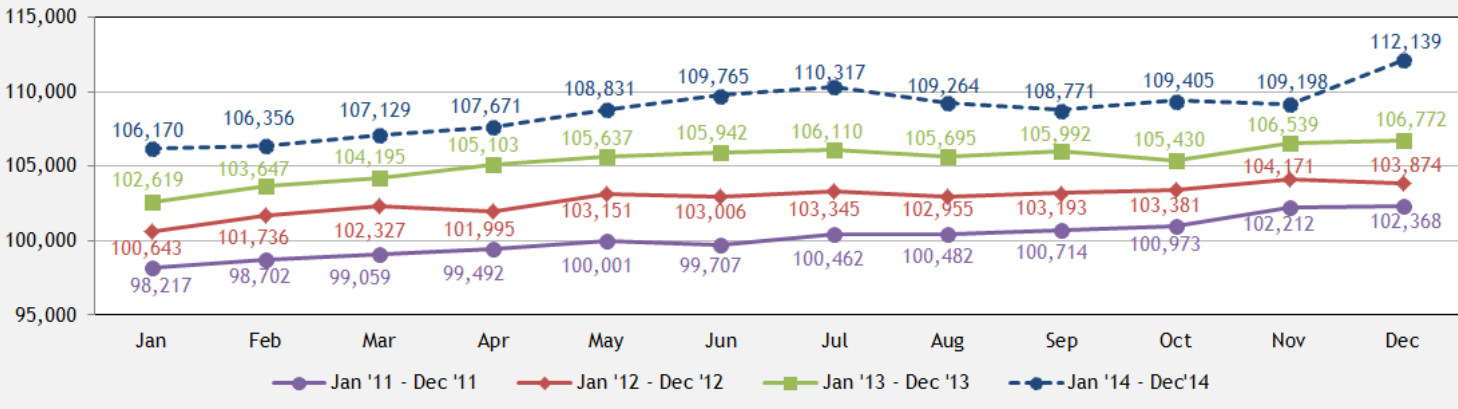
Nov '14 (Revised)					Nov '13 (Actual)			
Area	Labor Force	Total Employed	# Unemployed	% Unemployed	Labor Force	Total Employed	# Unemployed	% Unemployed
Boise City	112,435	109,198	3,237	2.9%	111,985	106,539	5,446	4.9%
Ada County	209,522	202,922	6,600	3.2%	207,999	197,980	10,019	4.8%
Boise MSA	312,063	300,936	11,127	3.6%	309,817	293,607	16,210	5.2%
Idaho	770,530	741,453	29,077	3.8%	774,684	732,480	42,204	5.4%
United States				5.5%				6.6%

Dec '14 (Preliminary)					Dec '13 (Actual)			
Area	Labor Force	Total Employed	# Unemployed	% Unemployed	Labor Force	Total Employed	# Unemployed	% Unemployed
Boise City	112,139	109,453	2,686	2.4%	111,942	106,772	5,170	4.6%
Ada County	209,264	203,396	5,868	2.8%	207,986	198,414	9,572	4.6%
Boise MSA	312,051	301,639	10,412	3.3%	310,085	294,250	15,835	5.1%
Idaho	767,976	739,628	28,348	3.7%	772,854	730,560	42,294	5.5%
United States				5.4%				6.5%

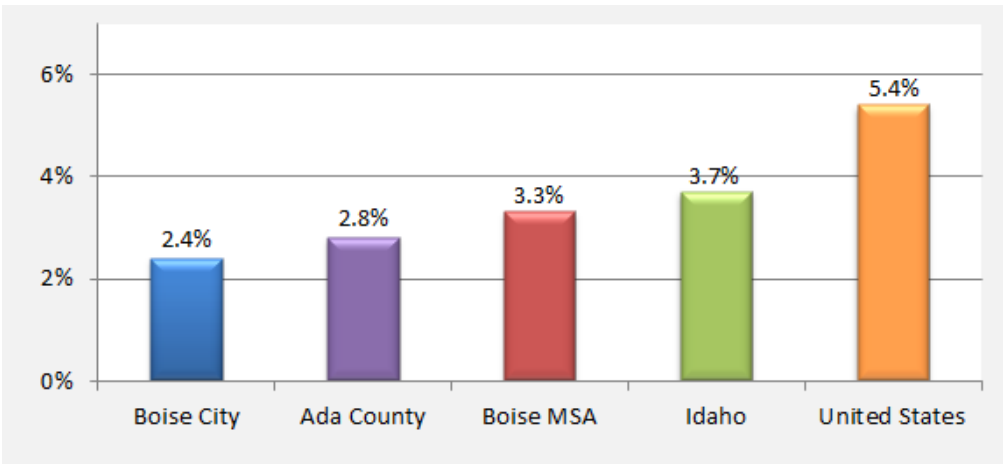
Q4 '14 (Average)					Q4 '13 (Average)			
Area	Labor Force	Total Employed	# Unemployed	% Unemployed	Labor Force	Total Employed	# Unemployed	% Unemployed
Boise City	112,344	109,352	2,992	2.7%	78,403	106,247	5,490	4.9%
Ada County	209,363	203,208	6,155	3.0%	207,530	197,438	10,092	4.9%
Boise MSA	311,779	301,361	10,419	3.3%	308,960	292,803	16,158	5.2%
Idaho	771,585	744,206	27,379	3.6%	774,506	732,438	42,068	5.4%
United States				5.5%				6.7%

Employment (continued)

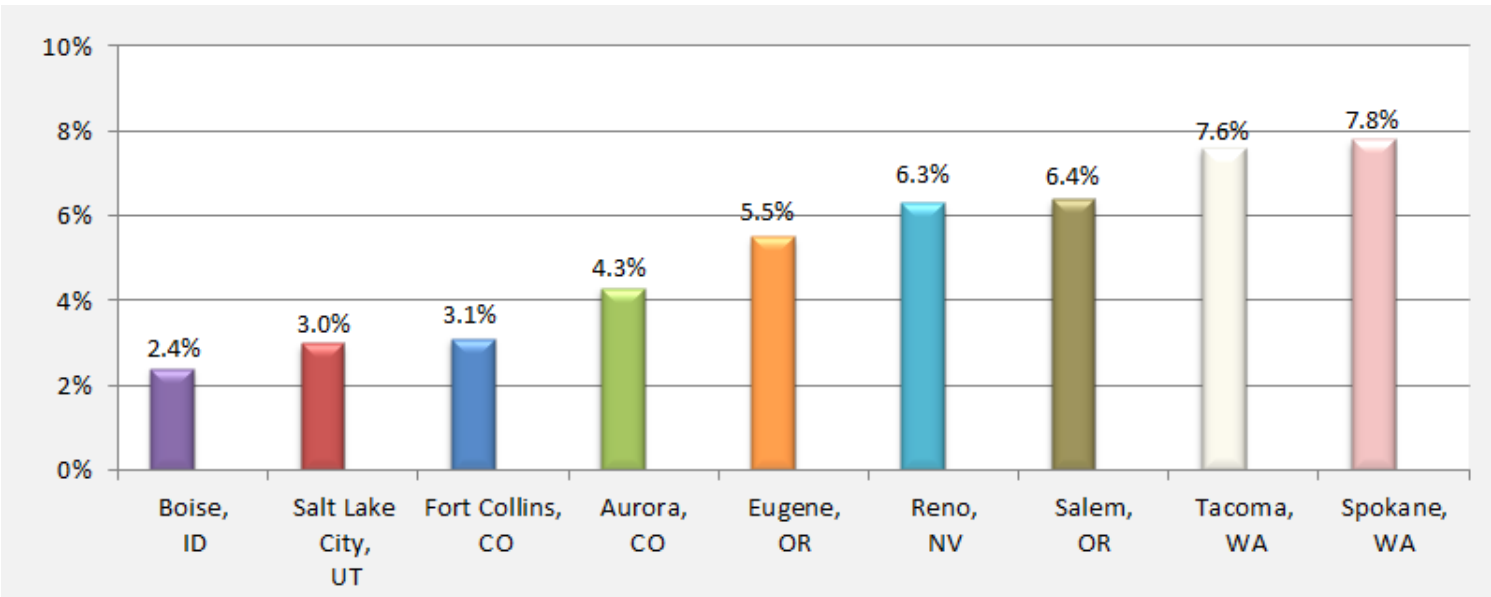
Total Employment



December Unemployment Rate



December Unemployment Rate - Comparative Cities



Source: U.S. Bureau of Labor Statistics, data through December (not seasonally adjusted)

Employment (continued)

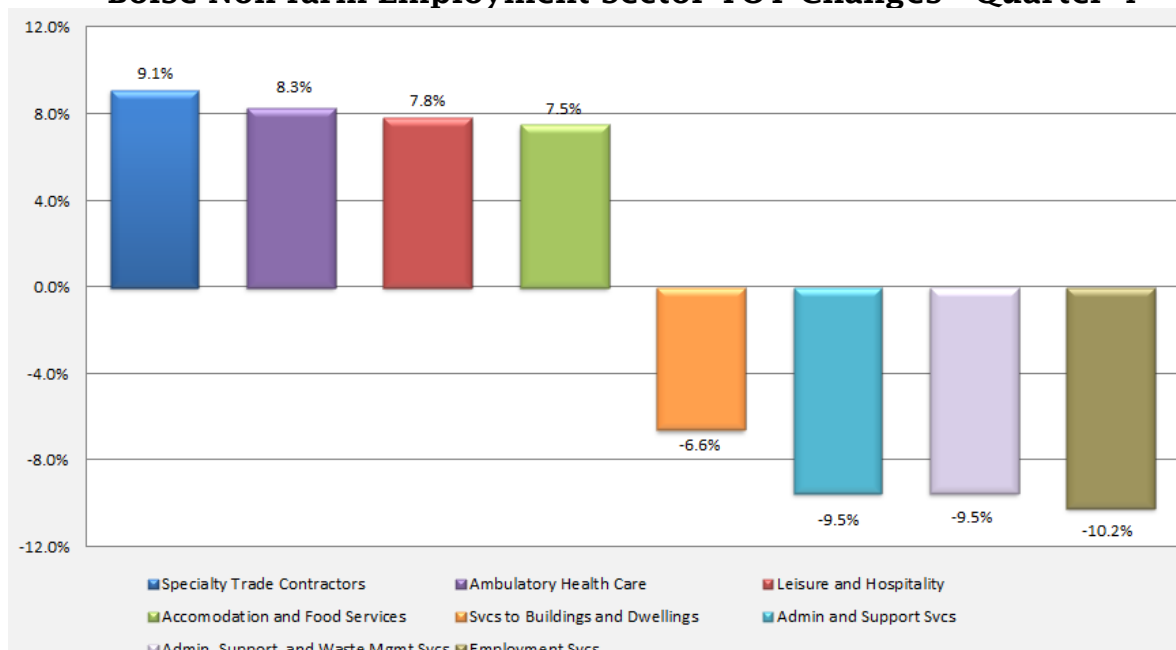
Boise MSA Non-Farm Employment Sector Information

The Boise MSA has 54 different employment sectors that respond differently to current economic conditions. The following table highlights the 4 best and worst performing industries compared to both last quarter and last year. During the fourth quarter, Specialty Trade Contractors again had the largest YOY percentage increase of jobs, at 9.1%. Leisure & Hospitality and Accommodation & Food Services continued to have relatively strong quarters: an indication of a demand for discretionary income spending. Although full service restaurants had a decrease compared to the prior quarter, the sector experienced YOY gains. Employment Services continued to have the largest YOY percentage decrease at 10.2%, which has evenly followed the trend of decreasing unemployment. The State and Local Government Education gains compared to the prior quarter are due to the seasonality of teaching in public schools.

<u>Quarter over quarter</u>	# Jobs	% Change	<u>Year over year</u>	# Jobs	% Change
<u>Gains</u>			<u>Gains</u>		
State Government Education	2,800	21.4%	Specialty Trade Contractors	2,900	9.1%
Local Government Education	7,400	18.5%	Ambulatory Health Care	3,500	8.3%
Local Government	8,000	11.5%	Leisure and Hospitality	6,100	7.8%
General Merchandise Stores	2,000	9.3%	Accommodation and Food Services	5,000	7.5%
<u>Losses</u>			<u>Losses</u>		
Employment Svcs	(800)	-4.1%	Svcs to Buildings and Dwellings	(900)	-6.6%
Full Svc Restaurants	(1,400)	-4.5%	Admin and Support Svcs	(6,000)	-9.5%
Svcs to Buildings and Dwellings	(800)	-5.9%	Admin, Support, and Waste Mgmt Svcs	(6,200)	-9.5%
Leisure and Hospitality	(5,800)	-6.5%	Employment Svcs	(2,100)	-10.2%

Data through December 2014, data is not seasonally adjusted

Boise Non-farm Employment Sector YOY Changes - Quarter 4



Construction Activity

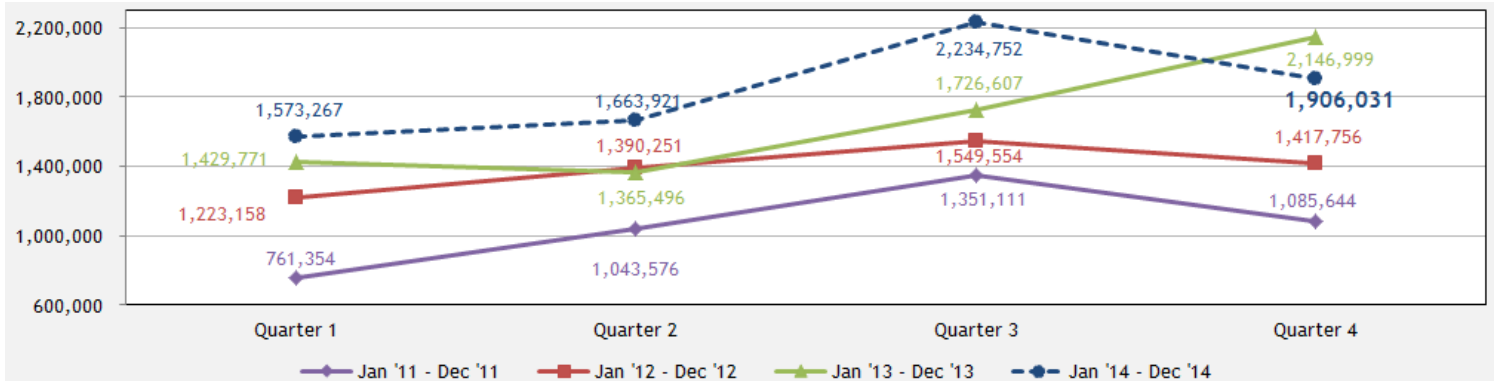
Total permit revenue in the fourth quarter decreased by \$241k, or 11.2%, compared to last year. Compared to the prior quarter, total permit revenue decreased by \$328.7k, or 14.7%. Total permit value decreased by \$5.9M, or 4.0% over last year. Compared to the prior quarter, total permit value increased by \$15.9M, or 12.8%. Total permit volume decreased by 65 permits, or 1.5%, over last year. Compared to the prior quarter, total permit volume decreased by 631 permits, or 12.6%. Total permits for the dwellings category compared to the prior year (including single, duplex, and multiple family units) increased by 222 permits, or 99.1%. The growth in this category is driven primarily by multiple family units, which increased by 248 permits, or 269.6%, compared to last year. In the dwellings category, 76.2% of the dwelling permits were multiple family units, 23.3% of the dwelling permits were single family units, and the remaining 0.5% of the dwelling permits were duplexes. Single family unit permits continued a recent trend by decreasing 16 permits, or 13.3%, compared to last year. The dwellings other category (including remodels, additions, and garages) decreased by 56 permits, or 19.4%.

Boise Construction - Quarter 4

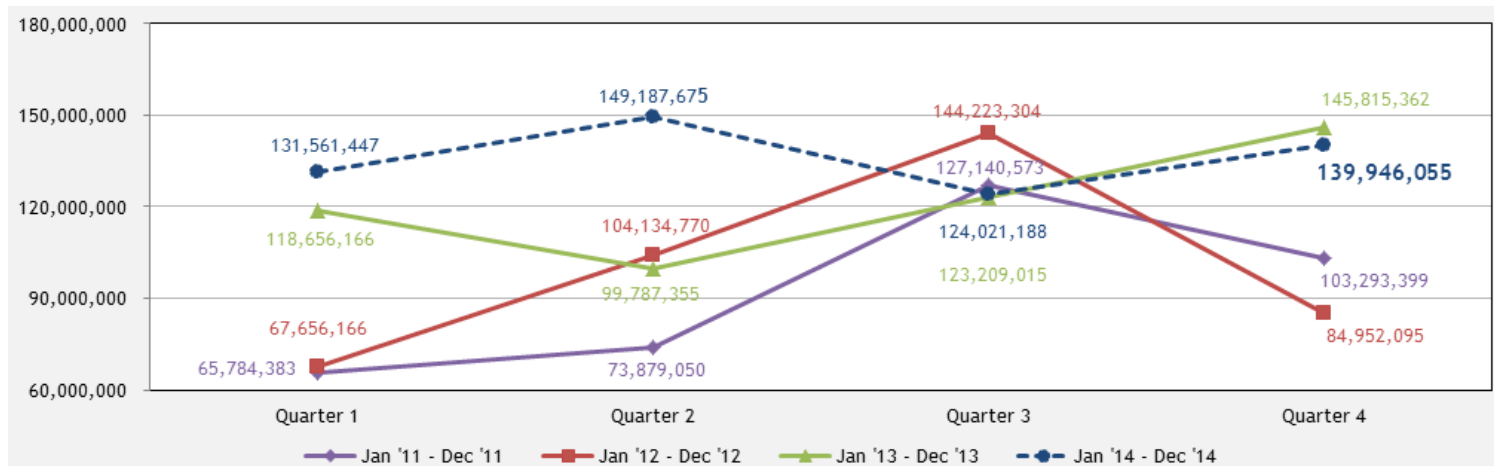
Type of Permits	Oct'13	Oct '14	Nov '13	Nov '14	Dec '13	Dec '14	Q4 '13 Total	Q4 '14 Total	
Dwellings									
Single Family	46	36	43	35	31	33	120	104	-13.3%
Duplex	4	0	8	0	0	2	12	2	-83.3%
Multiple	24	248	68	92	0	0	92	340	269.6%
Total Dwellings	74	284	119	127	31	35	224	446	99.1%
Dwellings Other	137	112	83	58	69	63	289	233	-19.4%
Commercial Construction	114	129	106	55	56	85	276	269	-2.5%
Trade Permits	1,393	1,458	1,228	1,114	1,044	1,113	3,665	3,685	0.5%

Construction Activity (continued)

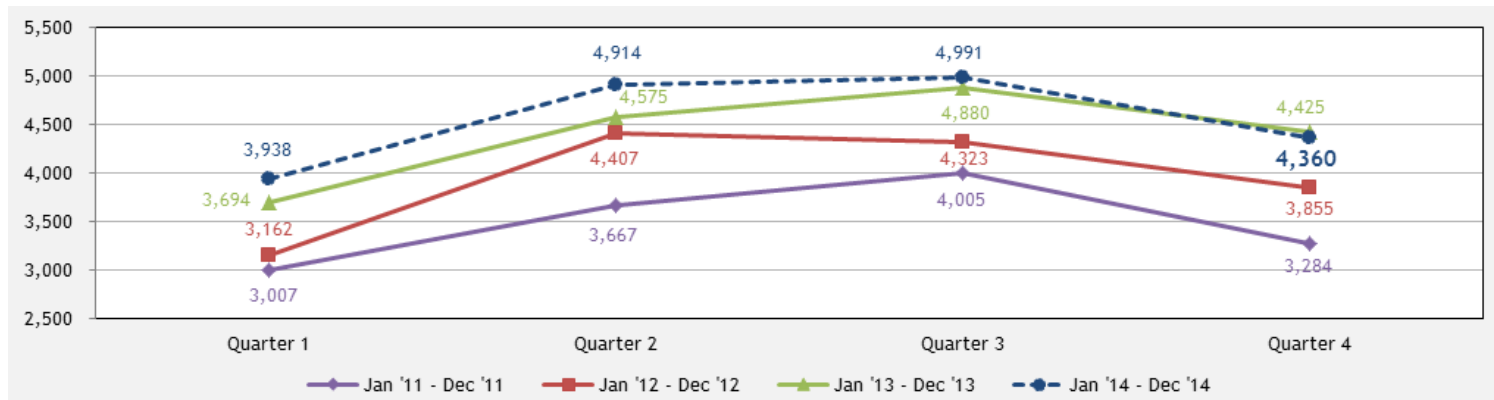
Total Permit Revenue - Quarterly



Total Permit Value - Quarterly



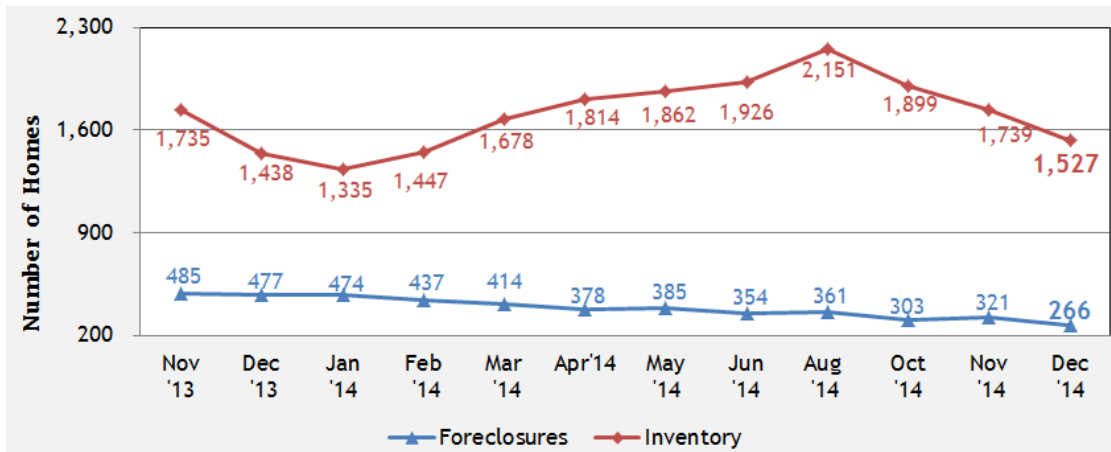
Total Permit Volume - Quarterly



Housing Trends (latest available data) ↑

According to the Federal Housing Finance Agency (FHFA) home price index (HPI) report for the fourth quarter, home prices for Boise MSA increased by 7.45% over last year and 0.3% over last quarter: the national average is a 5.7% increase over last year. As home prices rise, homeowners are incentivized to sell their homes, which explains the continuing trend for YOY home inventory increases. The housing market typically slows down during the winter months; however, total home inventory remains higher compared to last year with a 5.5% increase. Total foreclosure inventory numbers in Boise decreased 44.2% over last year: an effect that reduces artificial downward pressure on existing home sales that was caused by large foreclosure numbers during the recent recession.

Housing Trends



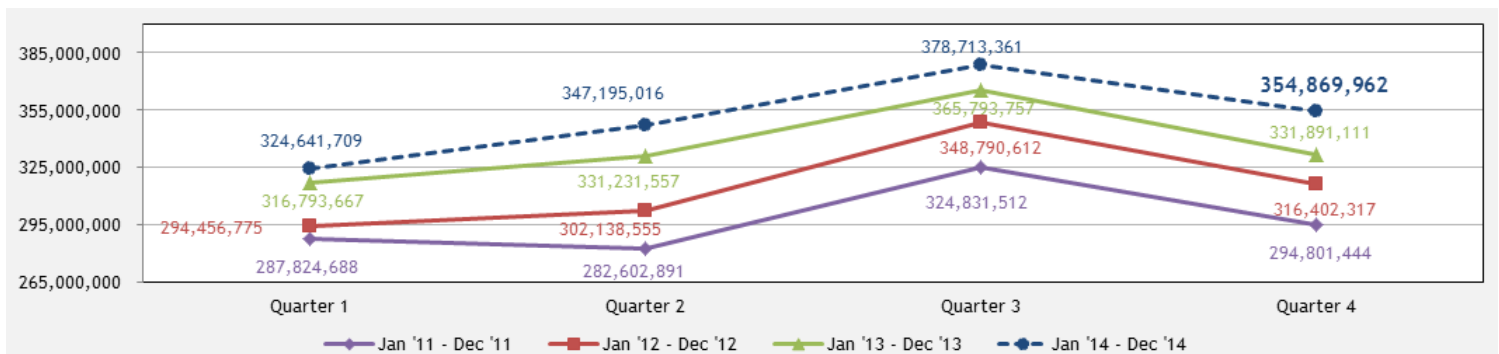
Source: www.trulia.com and fhfa.gov

* Trulia housing data is unavailable for August 2013, September 2013, July 2014, and September 2014

State Sales Tax ↑

The City shares sales tax revenue with the State and receives its portion on a quarterly basis. A total of 11.5% of gross sales tax collections is shared with cities across Idaho. The cities share of revenue is a function of relative property value and proportionate population. The chart below reflects the gross sales tax collected by the State. Gross sales tax collected in the fourth quarter increased by \$23.0M, or 6.9%, when compared to last year. Compared to the prior quarter, gross sales tax decreased by \$23.8M, or 6.3%, which is due to seasonality. The gross sales tax collection trend remains consistently higher than previous years.

Gross Sales Tax - Quarterly

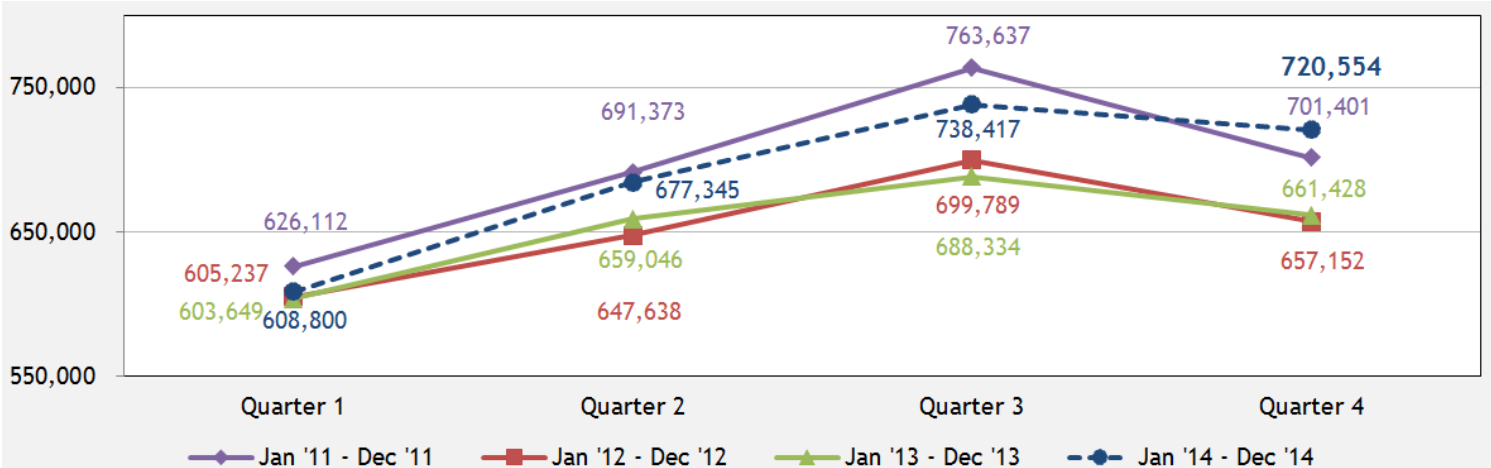


Source: Idaho State Tax Commission

Airport Passenger Traffic ↑

The number of air passengers can be a strong indicator of the global and local economic environment. During the fourth quarter, total passenger traffic increased by 59,126 passengers, or 8.9%, compared to last year. Compared to the prior quarter, total passenger traffic decreased by 17,863, or 2.4%. Since the prior quarter includes summer air travel, a decrease between these quarters is seasonally typical. Gains in air passenger traffic this quarter are likely due to the holiday season and recent additions of flight destinations. The additional destinations have expanded travel options, which factors into strong YOY gains in total passenger traffic volume.

Total Passenger Traffic - Quarterly



Total Passenger Traffic - Monthly

