

CITY OF BOISE

Office of Budget Development & Monitoring Economic Brief

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Volume 7

Quarter 1 (CY) 2015

(January 1–March 31)



Special Points of Interest

- Boise's unemployment rate remains at 2.4%
- Total Sales Tax is up 8% YOY

Quarterly Summary

| | | |
|-----------------|---|---|
| Employment | ↑ | Boise's unemployment rate remained at 2.4% and widened the gap when compared against Ada County, Idaho, the United States, and comparable cities. |
| Construction | ↓ | Construction permit revenue decreased by \$144k, or 9.2%, over last year. Total permits, however, increased 604, or 15.4%, over last year, which is a promising sign for the economy. |
| Housing | — | Consistently low foreclosure rates allow home prices to rise naturally. Home prices for Boise MSA increased by 6.5% when compared to last year. |
| Sales Tax | ↑ | Sales tax receipts increased by 8%, over last year. Sales tax is expected to remain strong. |
| Airport Traffic | ↑ | Total airport traffic increased by 5.9% over the prior year. An increasing number of flight destinations are expanding options for businesses and individuals. |

NOTE: Signs indicate a general economic outlook compared to the previous quarter

Employment Data ↑

Total employment in the first quarter increased by 3,169 jobs, or 2.9%, compared to last year. Compared to the prior quarter, total employment increased by 2,105 jobs, or 1.9%. When compared with the prior year, the unemployment rate for Boise in the first quarter dropped 200 basis points, from 4.4% to 2.4%. When compared to the prior quarter, the unemployment rate for Boise dropped 50 basis points, from 2.9% to 2.4%. Relative to comparable cities in the western United States, Boise continues to post some of the lowest unemployment rates. Boise's unemployment rate in March was 170 basis points below the Boise MSA, 110 basis points below Ada County, 200 basis points below Idaho, and 320 basis points below the United States.

The unemployment rate measure includes jobless individuals who are available and 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 (BLS) created a measure (called U-6) 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 March of 2015, Idaho was ranked as the 16th lowest state in the country at 9.8% of the labor force. According to this BLS measure, Idaho had better than average underemployment conditions compared to the rest of the Country during this timeframe.

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%)

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

Employment (continued)

| Jan '15 (Revised) | | | | | Jan '14 (Actual) | | | |
|-------------------|-------------|----------------|--------------|--------------|------------------|----------------|--------------|--------------|
| Area | Labor Force | Total Employed | # Unemployed | % Unemployed | Labor Force | Total Employed | # Unemployed | % Unemployed |
| Boise City | 115,789 | 112,255 | 3,534 | 3.1% | 115,244 | 109,737 | 5,507 | 4.8% |
| Ada County | 211,872 | 203,923 | 7,949 | 3.8% | 209,571 | 199,349 | 10,222 | 4.9% |
| Boise MSA | 315,361 | 301,475 | 13,886 | 4.4% | 312,862 | 295,059 | 17,803 | 5.7% |
| Idaho | 773,388 | 736,174 | 37,214 | 4.8% | 768,346 | 720,943 | 47,403 | 6.2% |
| United States | | | | 6.1% | | | | 7.0% |

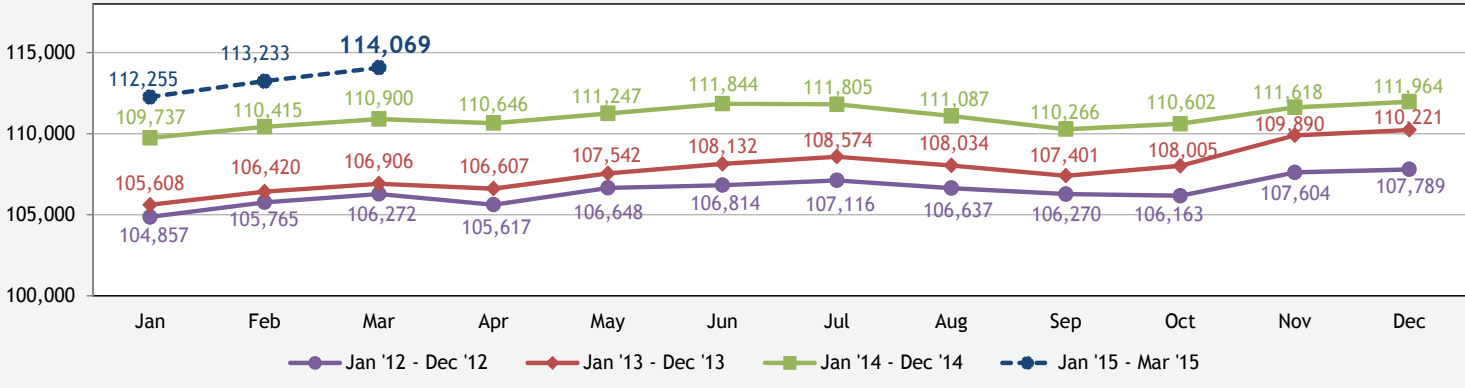
| Feb '15 (Revised) | | | | | Feb '14 (Actual) | | | |
|-------------------|-------------|----------------|--------------|--------------|------------------|----------------|--------------|--------------|
| Area | Labor Force | Total Employed | # Unemployed | % Unemployed | Labor Force | Total Employed | # Unemployed | % Unemployed |
| Boise City | 116,713 | 113,233 | 3,480 | 3.0% | 115,752 | 110,415 | 5,337 | 4.6% |
| Ada County | 213,485 | 205,700 | 7,785 | 3.6% | 210,463 | 200,580 | 9,883 | 4.7% |
| Boise MSA | 318,193 | 304,701 | 13,492 | 4.2% | 314,144 | 297,152 | 16,992 | 5.4% |
| Idaho | 781,798 | 745,366 | 36,432 | 4.7% | 770,107 | 725,036 | 45,071 | 5.9% |
| United States | | | | 5.8% | | | | 7.0% |

| Mar '15 (Preliminary) | | | | | Mar '14 (Actual) | | | |
|-----------------------|-------------|----------------|--------------|--------------|------------------|----------------|--------------|--------------|
| Area | Labor Force | Total Employed | # Unemployed | % Unemployed | Labor Force | Total Employed | # Unemployed | % Unemployed |
| Boise City | 116,924 | 114,069 | 2,855 | 2.4% | 116,045 | 110,900 | 5,145 | 4.4% |
| Ada County | 214,651 | 207,219 | 7,432 | 3.5% | 210,978 | 201,462 | 9,516 | 4.5% |
| Boise MSA | 320,099 | 307,088 | 13,011 | 4.1% | 315,220 | 298,925 | 16,295 | 5.2% |
| Idaho | 787,712 | 752,864 | 34,848 | 4.4% | 772,467 | 728,847 | 43,620 | 5.6% |
| United States | | | | 5.6% | | | | 6.8% |

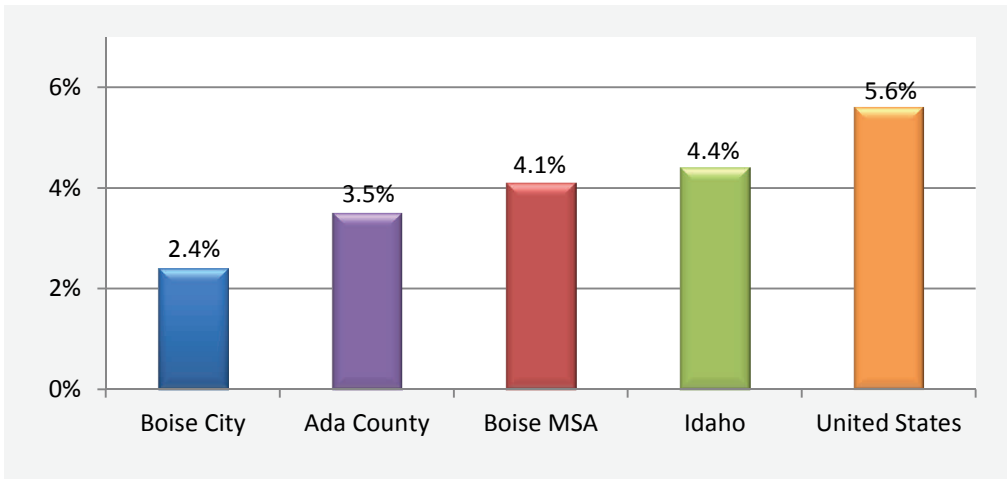
| Q1 '15 (Average) | | | | | Q1 '14 (Average) | | | |
|------------------|-------------|----------------|--------------|--------------|------------------|----------------|--------------|--------------|
| Area | Labor Force | Total Employed | # Unemployed | % Unemployed | Labor Force | Total Employed | # Unemployed | % Unemployed |
| Boise City | 116,475 | 113,186 | 3,290 | 2.8% | 115,680 | 110,351 | 5,330 | 4.6% |
| Ada County | 213,336 | 205,614 | 7,722 | 3.6% | 210,337 | 200,464 | 9,874 | 4.7% |
| Boise MSA | 317,884 | 304,421 | 13,463 | 4.2% | 314,075 | 297,045 | 17,030 | 5.4% |
| Idaho | 780,966 | 744,801 | 36,165 | 4.6% | 770,307 | 724,942 | 45,365 | 5.9% |
| United States | | | | 5.8% | | | | 6.8% |

Employment (continued)

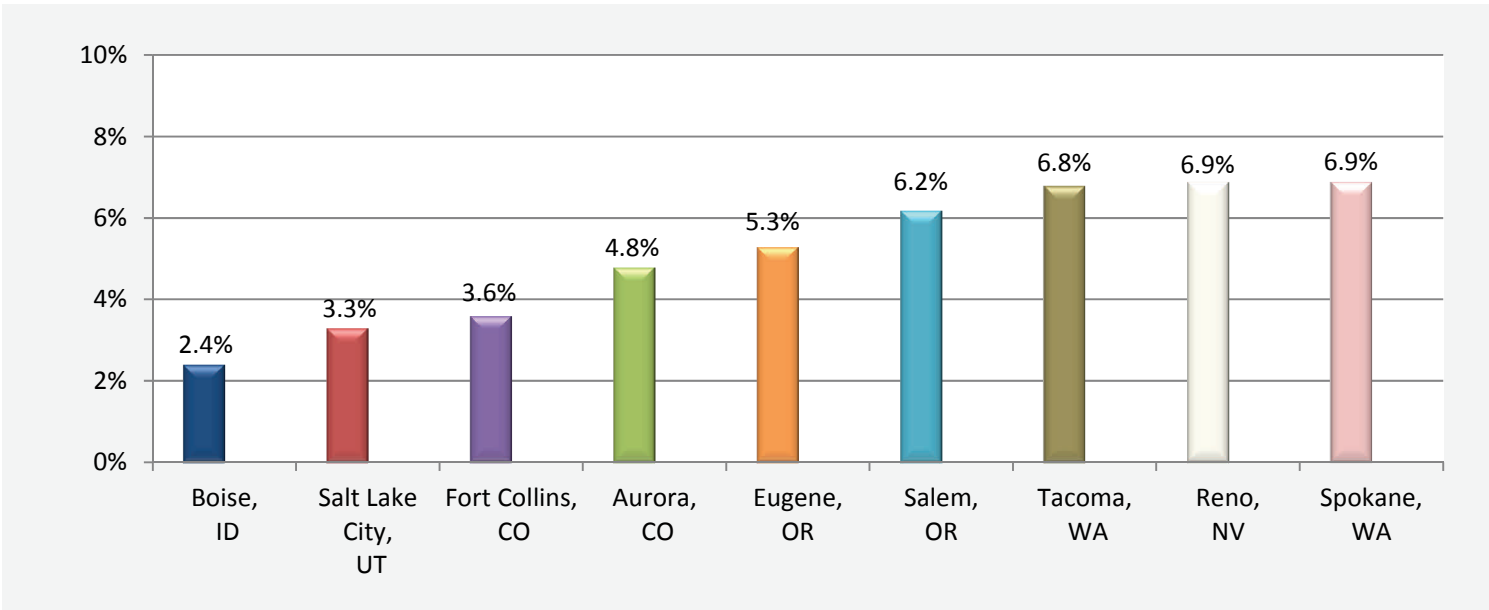
Total Employment



March Unemployment Rate



March Unemployment Rate - Comparative Cities



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

Employment (continued)

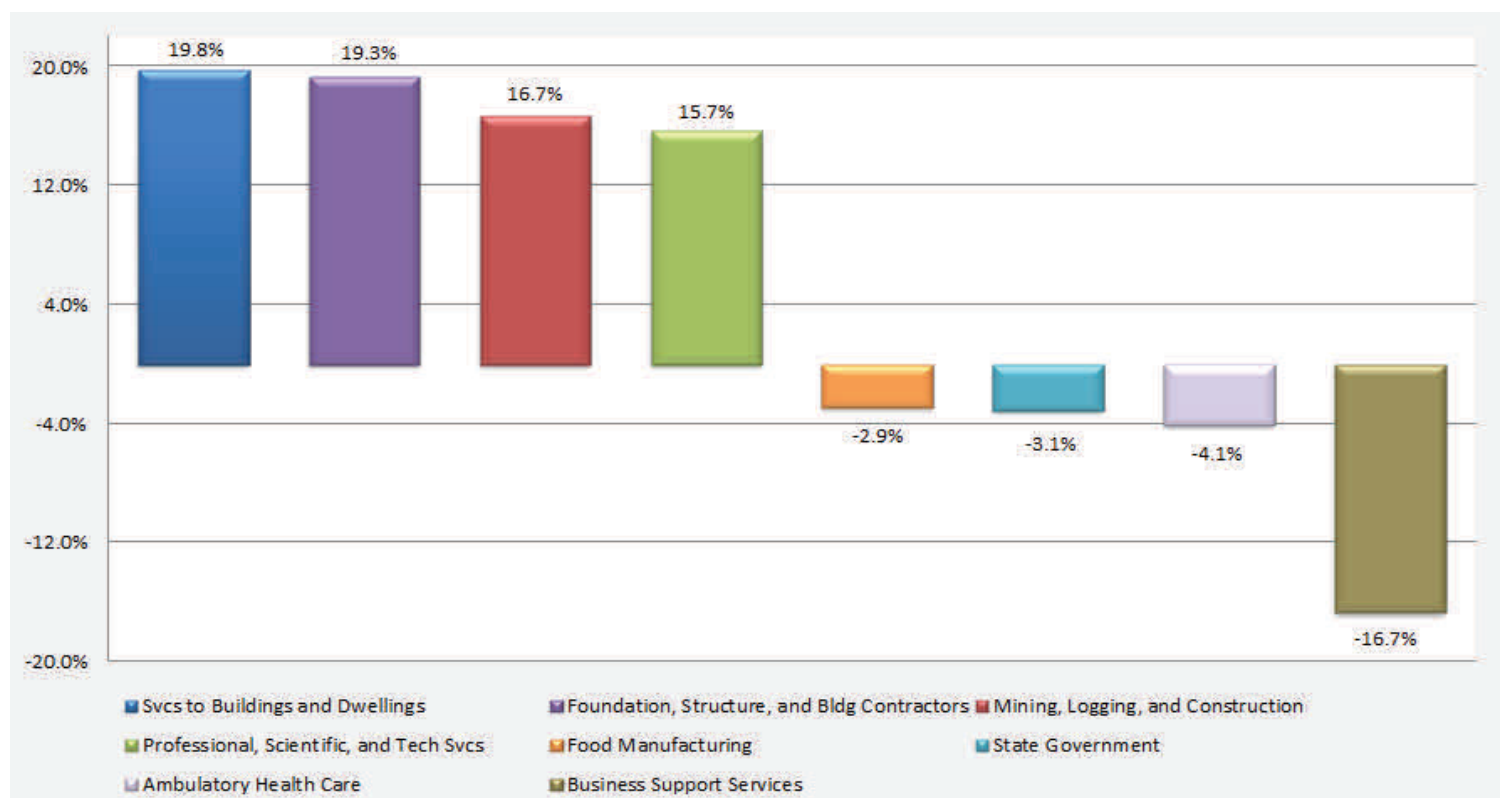
Boise MSA Non-Farm Employment Sector Information

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 first quarter, Services to Buildings and Dwellings had the largest YOY percentage increase of jobs, at 19.8%. Construction sectors generally posted a very strong quarter compared to the prior quarter and the prior year. Business Support Services had the largest YOY percentage decrease at 16.7%. This sector also posted the largest decrease compared to the prior quarter, which is a continuation of a trending job decrease in this area.

| <u>Quarter over quarter</u> | # Jobs | % Change | <u>Year over year</u> | # Jobs | % Change |
|---|---------|----------|---|---------|----------|
| <u>Gains</u> | | | <u>Gains</u> | | |
| Professional, Scientific, and Tech Svcs | 4,600 | 11.2% | Svcs to Buildings and Dwellings | 2,300 | 19.8% |
| Svcs to Buildings and Dwellings | 1,100 | 8.6% | Foundation, Structure, and Bldg Contractors | 1,100 | 19.3% |
| Finance and Insurance | 2,400 | 6.9% | Mining, Logging, and Construction | 7,200 | 16.7% |
| Local Government Education | 2,800 | 5.9% | Professional, Scientific, and Tech Svcs | 6,200 | 15.7% |
| <u>Losses</u> | | | <u>Losses</u> | | |
| Specialty Trade Contractors | (2,800) | -8.0% | Food Manufacturing | (400) | -2.9% |
| General Merchandise Stores | (2,000) | -8.5% | State Government | (1,300) | -3.1% |
| State Government Education | (1,400) | -8.8% | Ambulatory Health Care | (1,800) | -4.1% |
| Business Support Services | (3,500) | -17.2% | Business Support Services | (3,400) | -16.7% |

Data through March 2015, data is not seasonally adjusted

Boise Non-farm Employment Sector YOY Changes - Quarter 1



Construction Activity

Compared to the strong prior year, construction activity numbers for the first quarter are frail; however, several encouraging signs indicate strength on a relatively small scale. Total permit revenue in the first quarter decreased by \$145k, or 9.2%, compared to last year. Compared to the prior quarter, total permit revenue decreased by \$144.6k, or 9.2%. Total permit value decreased by \$2.6M, or 2.0% over last year. Compared to the prior quarter, total permit value decreased by \$14.2M, or 10.1%. Total permit volume increased by 604 permits, or 15.4%, over last year. Compared to the prior quarter, total permit volume increased by 155 permits, or 3.6%.

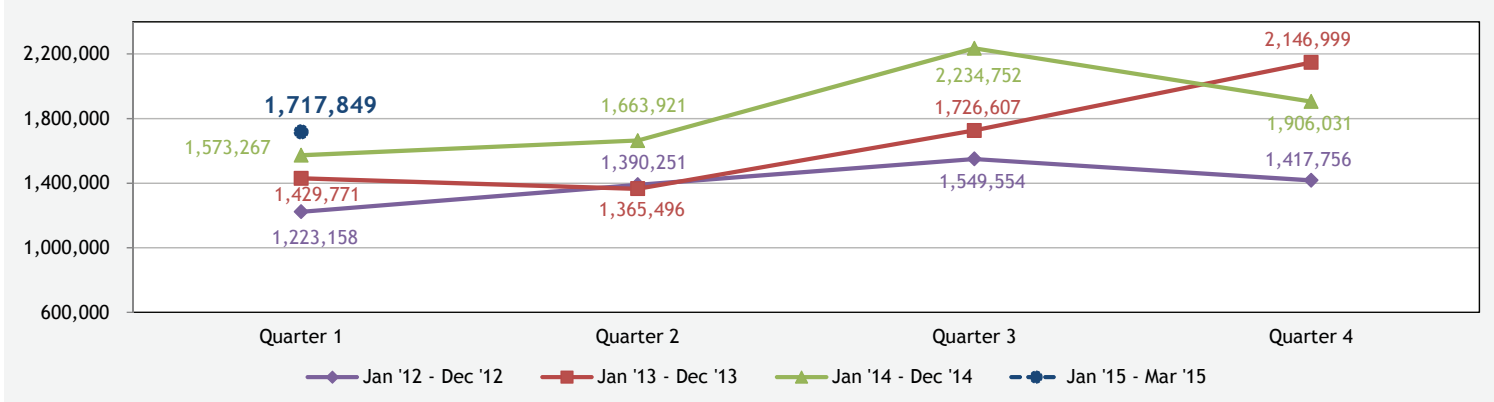
Total permits for the dwellings category compared to the prior year (including single, duplex, and multiple family units) decreased by 119 permits, or 69.6%. The difference in this category is primarily due to an unusually large number of multifamily permits in the prior year. Encouragingly, single family unit permits increased by 20, or 16.3%, compared to last year. The dwellings other category (including remodels, additions, and garages) increased by 14 permits, or 6.1%. In the dwellings category, 83.6% of the dwelling permits were single family units and 16.4% of the dwelling permits were multiple family units.

Boise Construction - Quarter 1

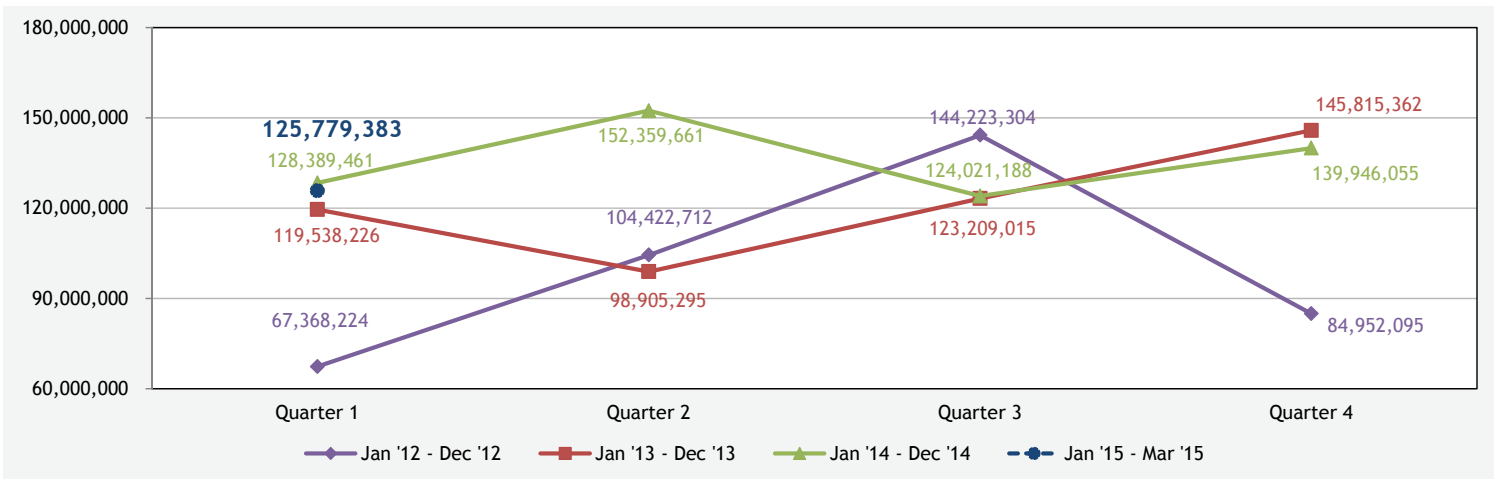
| Type of Permits | Jan '14 | Jan '15 | Feb '14 | Feb '15 | Mar '14 | Mar '15 | Q1 '14 Total | Q1 '15 Total |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Dwellings | | | | | | | | |
| Single Family | 20 | 55 | 69 | 37 | 34 | 51 | 123 | 143 |
| Duplex | 4 | 0 | 14 | 0 | 0 | 0 | 18 | 0 |
| Multiple | 0 | 0 | 149 | 28 | 0 | 0 | 149 | 28 |
| Total Dwellings | 24 | 55 | 232 | 65 | 34 | 51 | 290 | 171 |
| Dwellings Other | 67 | 74 | 84 | 109 | 111 | 146 | 262 | 329 |
| Commercial Construction | 68 | 83 | 82 | 66 | 80 | 95 | 230 | 244 |
| Trade Permits | 1,090 | 1,180 | 1,185 | 1,428 | 1,198 | 1,366 | 3,473 | 3,974 |

Construction Activity (continued)

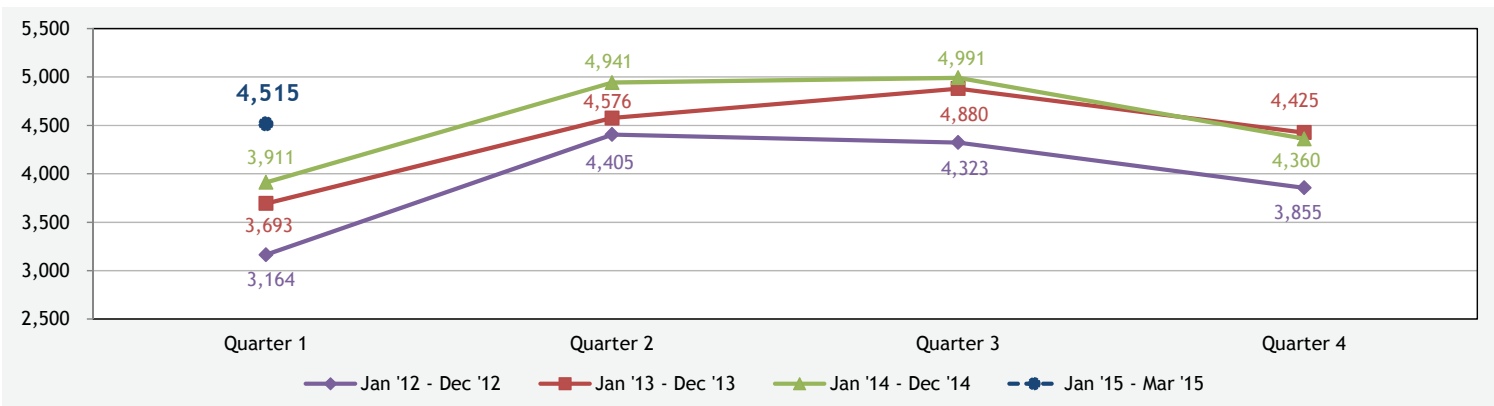
Total Permit Revenue - Quarterly



Total Permit Value - Quarterly



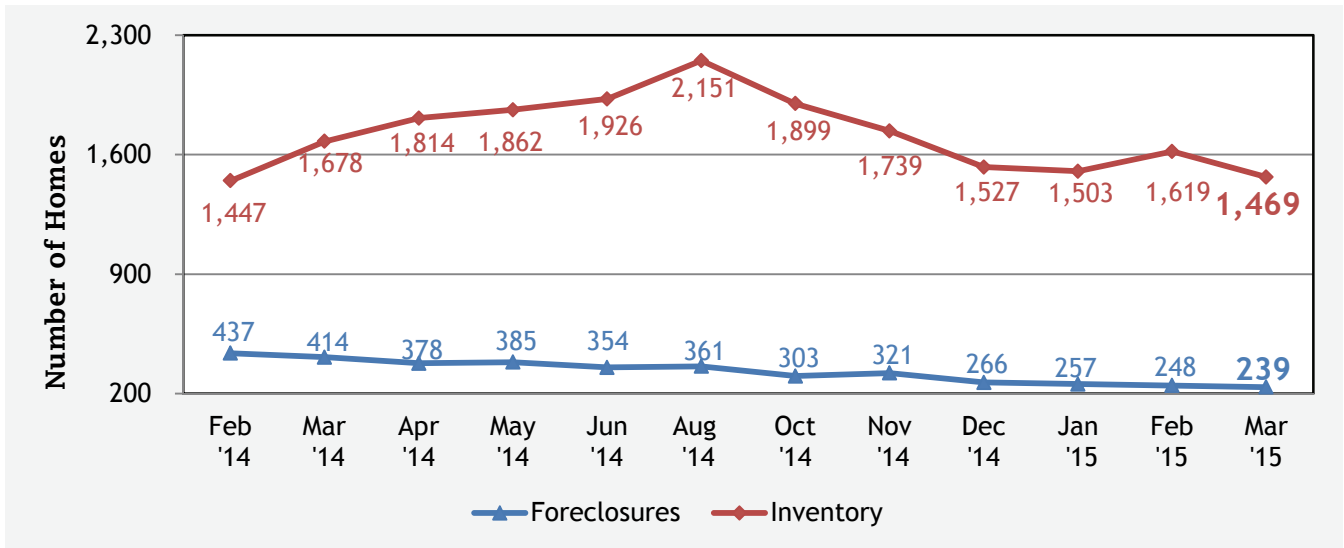
Total Permit Volume - Quarterly



Housing Trends (latest available data) —

Total foreclosure inventory numbers have continued to trend at a steady decline: foreclosures in Boise decreased 42.3% over last year. Total inventory decreased by 12.5% over last year. Inventory levels appear to be lower, even when accounting for the normal seasonal decrease, which could indicate that demand is increasingly outpacing supply for existing homes. According to the latest Corelogic home price index (HPI) report in March, home prices for Idaho increased by 6.5% over last year, which is slightly higher than the national average of 5.9%. Pending decisions by the Federal Reserve, interest rates are a factor to watch in the coming months that could have an effect on the affordability of homes in the near future.

Housing Trends



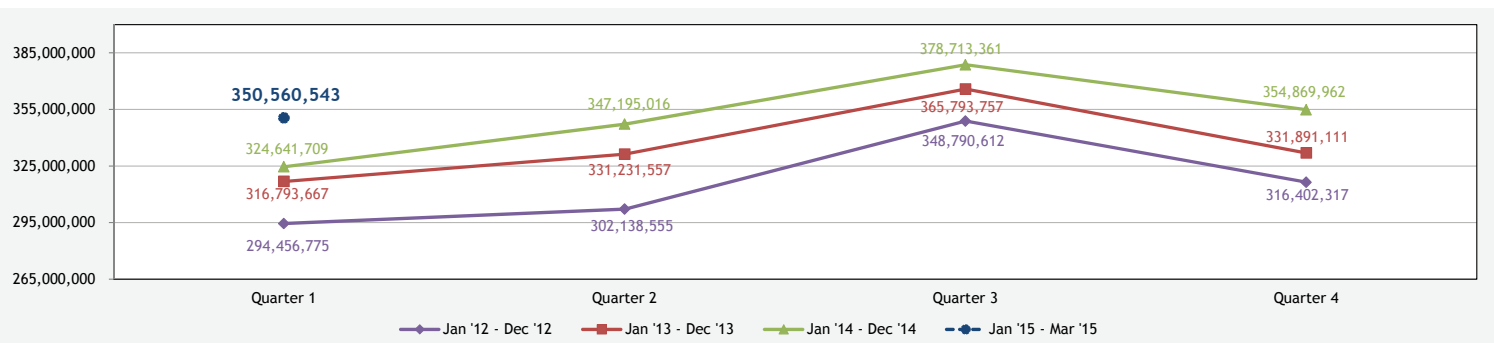
Source: www.trulia.com and www.corelogic.com

* Trulia housing data is unavailable for 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 first quarter increased by \$25.9M, or 8.0%, when compared to last year. Compared to the prior quarter, gross sales tax decreased by \$4.3M, or 1.2%. The gross sales tax collection trend remains consistently higher than previous years.

Gross Sales Tax - Quarterly

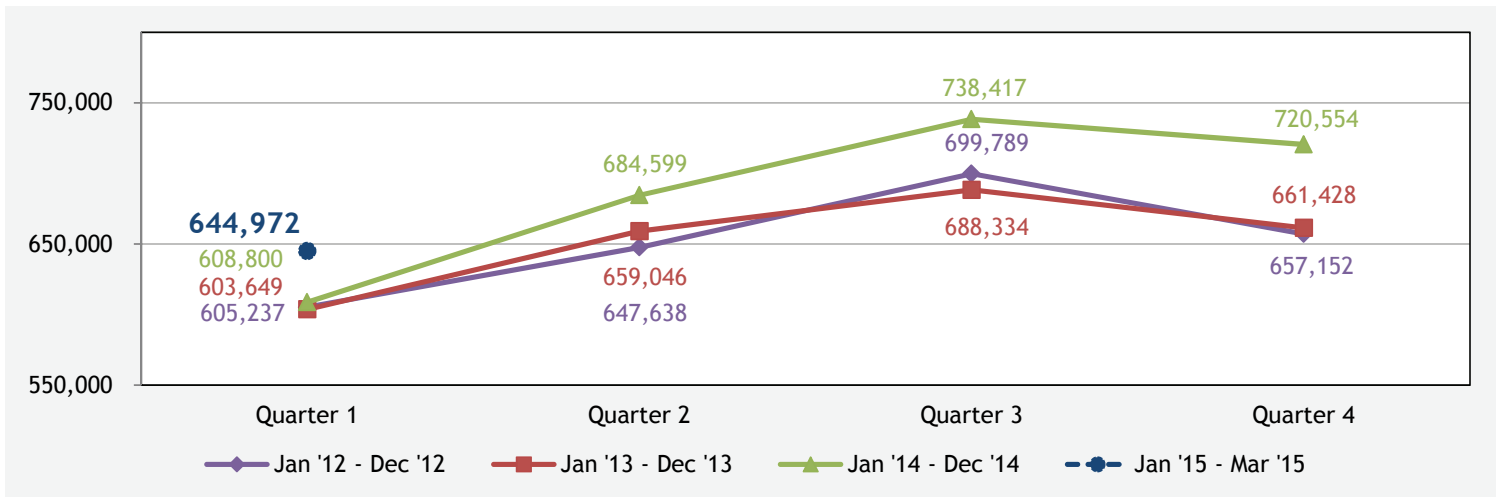


Source: Idaho State Tax Commission

Airport Passenger Traffic ↑

The number of air passengers can be a strong indicator of the global and local economic environment. During the first quarter, total passenger traffic increased by 36,172 passengers, or 5.9%, compared to last year. Compared to the prior quarter, total passenger traffic decreased by 75,582, or 10.5%, which is an expected seasonal trend. The addition of new flights at the Boise airport has the potential to positively affect the local economy, especially as total passenger traffic remains strong. Several nonstop flights are expected to start at the Boise Airport by the end of summer that will continue to expand flight destination options, which includes Los Angeles, Seattle, and Spokane.

Total Passenger Traffic - Quarterly



Total Passenger Traffic - Monthly

