

CITY OF BOISE

Office of Budget Development & Monitoring Economic Brief

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Volume 7

Quarter 4 (CY) 2015

(October 1–December 31)



Special Points of Interest

- Boise's unemployment rate remains low at 3.1%
- Airport passenger traffic continues to thrive

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CY = Calendar Year
Q = Quarter
YOY = Year Over Year
MSA = Metropolitan Statistical Area
100 basis points = 1%

Quarterly Summary

Employment	↑	The labor force in Boise continues to grow and the unemployment rate remains low at 3.1%.
Construction	↑	Single family permit revenue is up 63.4% over last year, which is a strong indicator of economic vitality.
Housing	↑	Inventory is far below this time last calendar year, thus demand remains strong and is still out pacing supply. This is leading to a strong construction environment as mentioned above.
Sales Tax	↑	Sales tax receipts increased by \$23.5 M, or 6.6%, over last year. Sales tax revenue is expected to remain strong.
Airport Traffic	↑	Total air passenger traffic in calendar year 2015 increased 8.2% compared to calendar year 2014.

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

Employment Data ↑

Total employment as of December 2015 is up 3,836 jobs, or 3.4%, compared to last year. Comparing QR3 end (Sept.) to QR4 end (Dec.) total employment rose by 1,593 jobs, or 1.4%. When compared with the prior year, the unemployment rate for Boise in the fourth quarter is down 60 basis points, from 3.7% to 3.1%. When compared to the prior quarter, the unemployment rate for Boise increased 50 basis points from 2.6% to 3.1%. Relative to comparable cities in the western United States, Boise continues to post low unemployment numbers. Boise's unemployment rate for December was 60 basis points below the Boise MSA, 10 basis points below Ada County, 90 basis points below Idaho, and 190 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). The average U-6 measurement improved greatly from 10.3% in CY 2014 to 8.6% in CY 2015. This measure ranked 15th among all states and was well below the national average of 10.4%

NOTE: This quarterly brief is based on the calendar year, not the fiscal year, unless otherwise stated

Employment (continued)

Area	Oct '15 (Revised)				Oct '14 (Actual)			
	Labor Force	Total Employed	# Unemployed	% Unemployed	Labor Force	Total Employed	# Unemployed	% Unemployed
Boise City	117,612	114,182	3,430	2.9%	114,452	110,602	3,850	3.4%
Ada County	213,941	207,424	6,517	3.0%	208,485	200,921	7,564	3.6%
Boise MSA	319,899	308,960	10,939	3.4%	311,966	299,338	12,628	4.0%
Idaho	803,402	775,496	27,906	3.5%	708,283	748,600	31,683	4.1%
United States				5.0%				5.8%

Area	Nov '15 (Revised)				Nov '14 (Actual)			
	Labor Force	Total Employed	# Unemployed	% Unemployed	Labor Force	Total Employed	# Unemployed	% Unemployed
Boise City	118,705	114,800	3,905	3.3%	115,446	111,618	3,828	3.3%
Ada County	215,796	208,546	7,250	3.4%	210,527	202,766	7,761	3.7%
Boise MSA	321,154	309,131	12,023	3.7%	313,708	300,607	13,101	4.2%
Idaho	796,693	765,744	30,949	3.9%	774,757	740,916	33,841	4.4%
United States				5.0%				5.8%

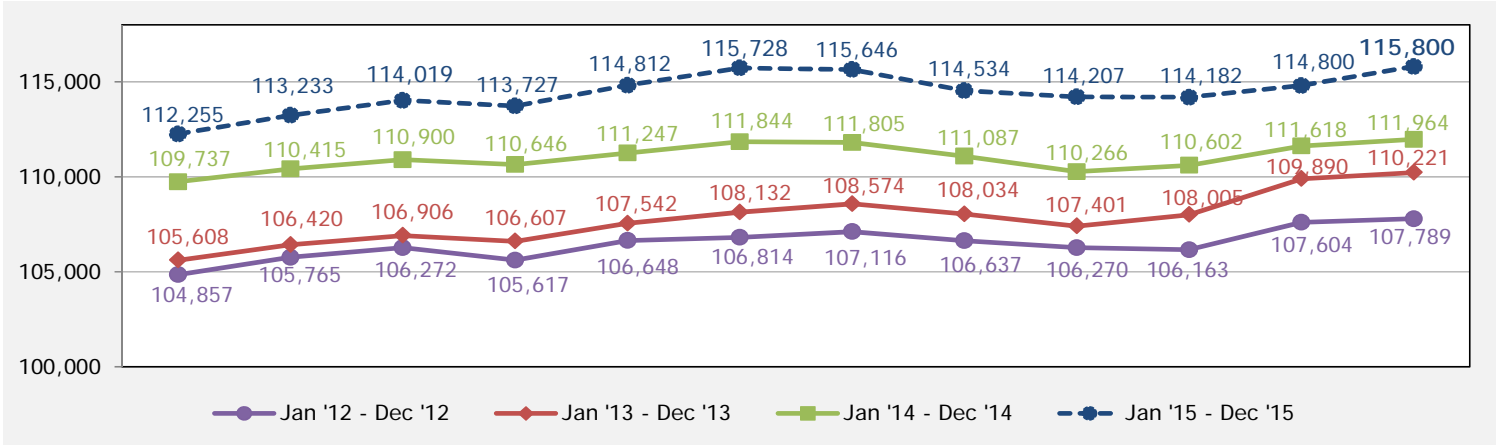
Area	Dec '15 (Preliminary)				Dec '14 (Actual)			
	Labor Force	Total Employed	# Unemployed	% Unemployed	Labor Force	Total Employed	# Unemployed	% Unemployed
Boise City	119,531	115,800	3,731	3.1%	115,344	111,964	3,380	2.9%
Ada County	217,294	210,363	6,931	3.2%	210,661	203,395	7,266	3.4%
Boise MSA	323,203	311,157	12,046	3.7%	313,572	300,918	12,654	4.0%
Idaho	799,304	767,302	32,002	4.0%	771,833	738,221	33,612	4.4%
United States				5.0%				5.6%

Area	CY Q4 '15 (Average)				CY Q4 '14 (Average)			
	Labor Force	Total Employed	# Unemployed	% Unemployed	Labor Force	Total Employed	# Unemployed	% Unemployed
Boise City	118,616	114,927	3,689	3.1%	115,081	111,395	3,686	3.2%
Ada County	215,677	208,778	6,899	3.2%	209,891	202,361	7,530	3.6%
Boise MSA	321,419	309,749	11,669	3.6%	313,082	300,288	12,794	4.1%
Idaho	799,800	769,514	30,286	3.8%	751,624	742,579	33,045	4.3%
United States				5.0%				5.7%

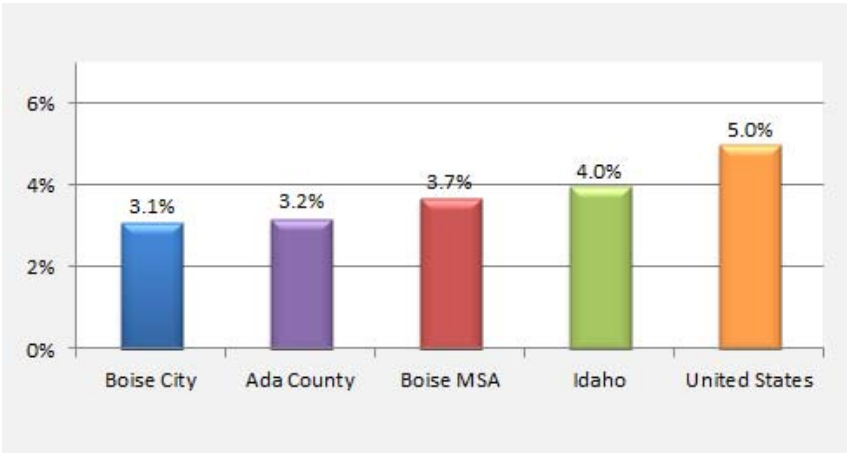
Source: U.S. Bureau of Labor Statistics, data through December (not seasonally adjusted)

Employment (continued)

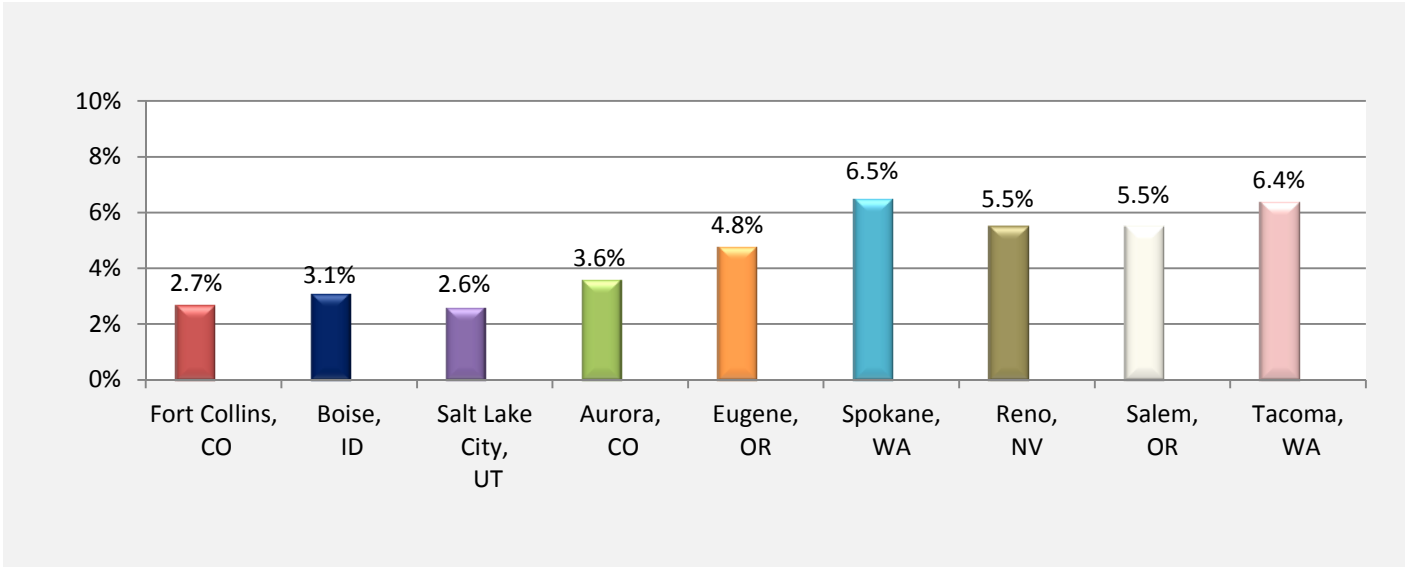
Total Employment



December Unemployment Rate



December Unemployment Rate - Comparative Cities



Source: US Bureau of Labor Statistics, data through December (not seasonally adjusted)

Employment (continued)

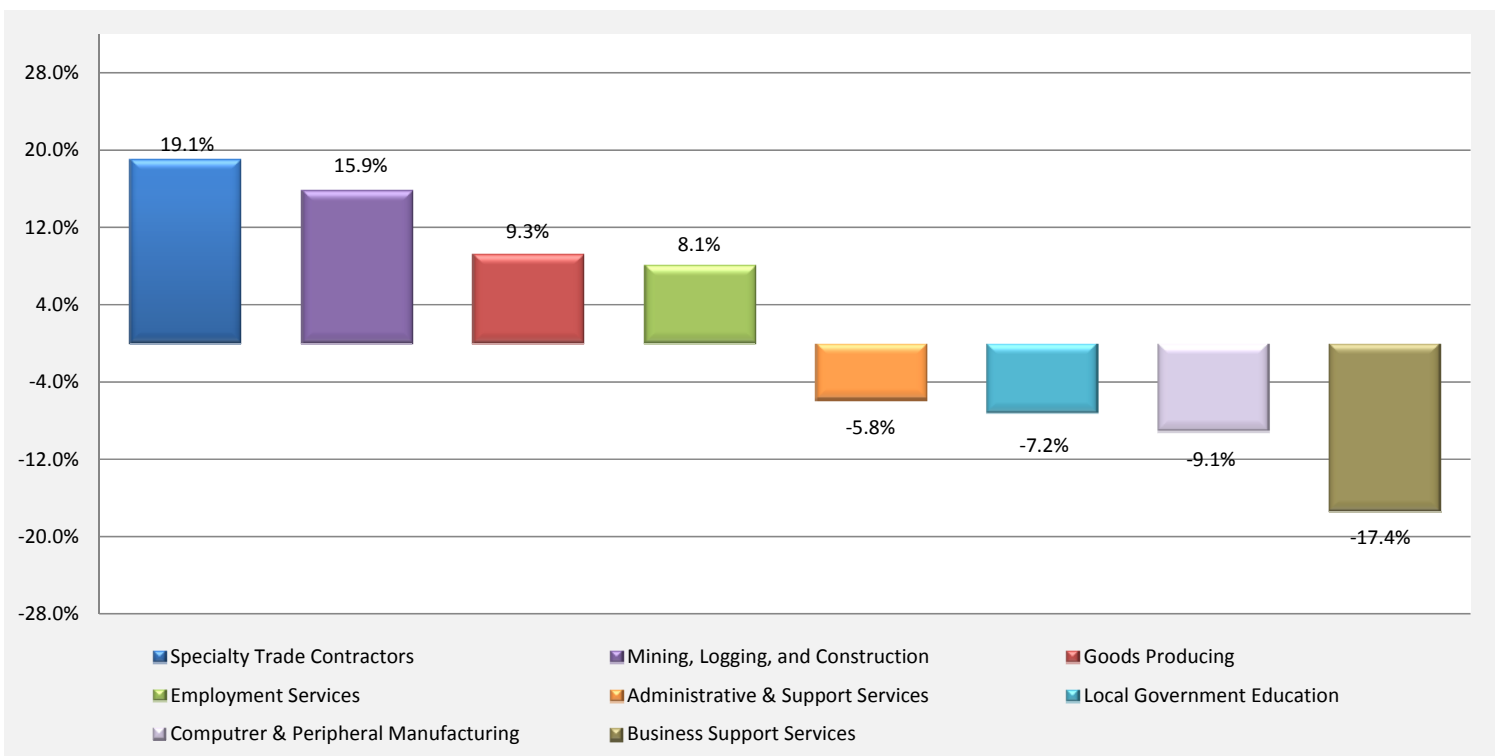
Boise MSA Non-Farm Employment Sector Information

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 had the largest percentage increase of jobs, at 19.1%, compared to last year. Business Support Services, once again, had the largest decrease, 17.4%, compared to last year.

<u>Quarter over Quarter - Average</u>			<u>Year over Year - Average</u>		
	# Jobs	% Change		# Jobs	% Change
<u>Gains</u>			<u>Gains</u>		
State Government Education	833	20.0%	Specialty Trade Contractors	2,200	19.1%
Local Government Education	2,133	16.0%	Mining, Logging, and Construction	2,833	15.9%
General Merchandise Stores	900	12.6%	Goods Producing	3,967	9.3%
State Government	1,100	8.3%	Employment Services	533	8.1%
<u>Losses</u>			<u>Losses</u>		
Federal Government	(167)	-2.6%	Administrative & Support Services	(1,200)	-5.8%
Leisure & Hospitality	(1,600)	-5.7%	Local Government Education	(1,200)	-7.2%
Computer & Peripheral Manufacturing	(533)	-9.1%	Computer & Peripheral Manufacturing	(200)	-9.1%
Services to Buildings & Dwellings	(200)	-9.1%	Business Support Services	(1,133)	-17.4%

Data through December, data not seasonally adjusted

Boise Non-farm Employment Sector YOY Changes - Quarter 4



Source: Idaho Department of Labor (not seasonally adjusted)

Construction Activity

Construction activity in Boise was positive in the fourth quarter and continued to do well when compared to the prior year. Comparisons are focused on the prior year due to the seasonality of the data set. Current year quarter over quarter comparisons do not add value. Compared to the fourth quarter of calendar year 2014, total permit revenue increased by \$560k, or 29.4%, total permit value increased by \$3.0M, or 2.3%, and total permit volume increased by 498 permits, or 11.3%.

Total permits for the dwellings category (including single, duplex, and multiple family units) decreased by 25 permits, or 7.1% compared to the prior year. Single family unit permits increased by 63 permits, or 61.8%, compared to last year. The year over year growth in the single family permits is a reoccurring trend. Multiple family permits decreased by 88 permits, or 35.2%, compared to last year. The dwellings other category (including remodels, additions, and garages) increased by 133 permits, or 57.3%.

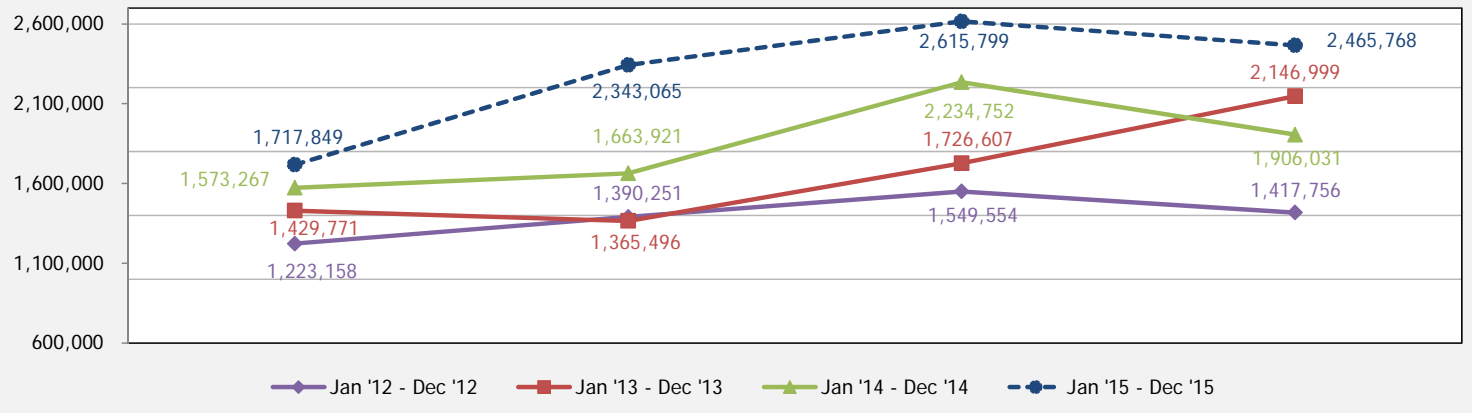
Boise Construction - Quarter 4

Type of Permits	Oct '14	Oct '15	Nov '14	Nov '15	Dec '14	Dec '15	Q4 '14 Total	Q4 '15 Total
Dwellings								
Single Family	36	72	33	46	33	47	102	165
Duplex	0	0	0	0	2	0	2	0
Multiple	248	57	0	96	0	9	248	162
Total Dwellings	284	129	33	142	35	56	352	327
Dwellings Other	111	167	58	138	63	60	232	365
Commercial Construction	128	89	55	92	85	71	268	252
Trade Permits	1,449	1,539	1,108	1,330	1,107	1,200	3,664	4,069

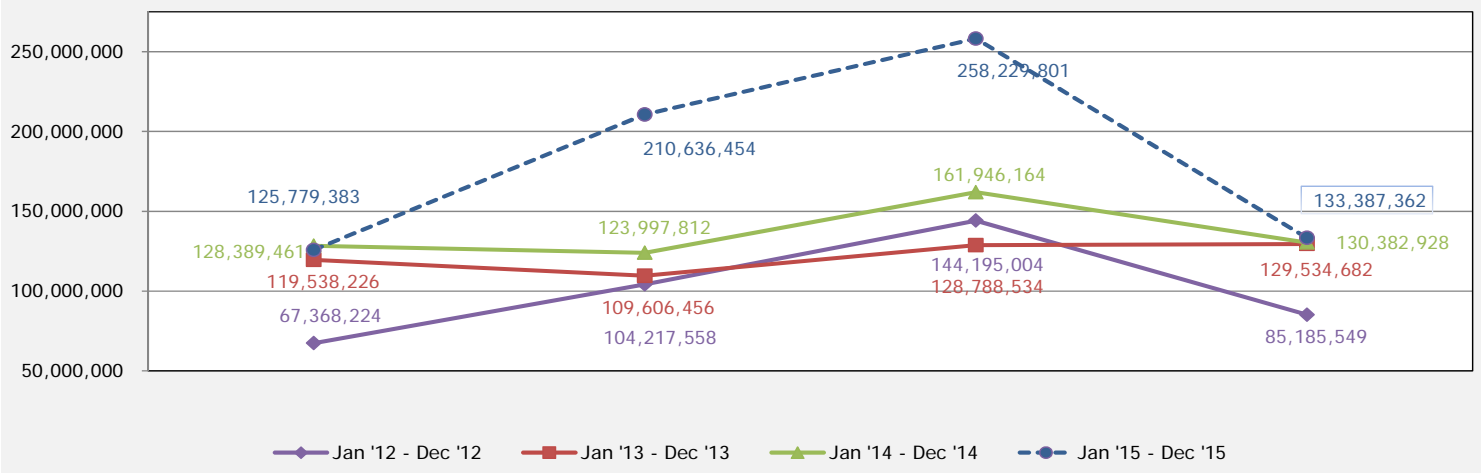
Source: <http://pds.cityofboise.org/building/docs/constreports/>

Construction Activity (continued)

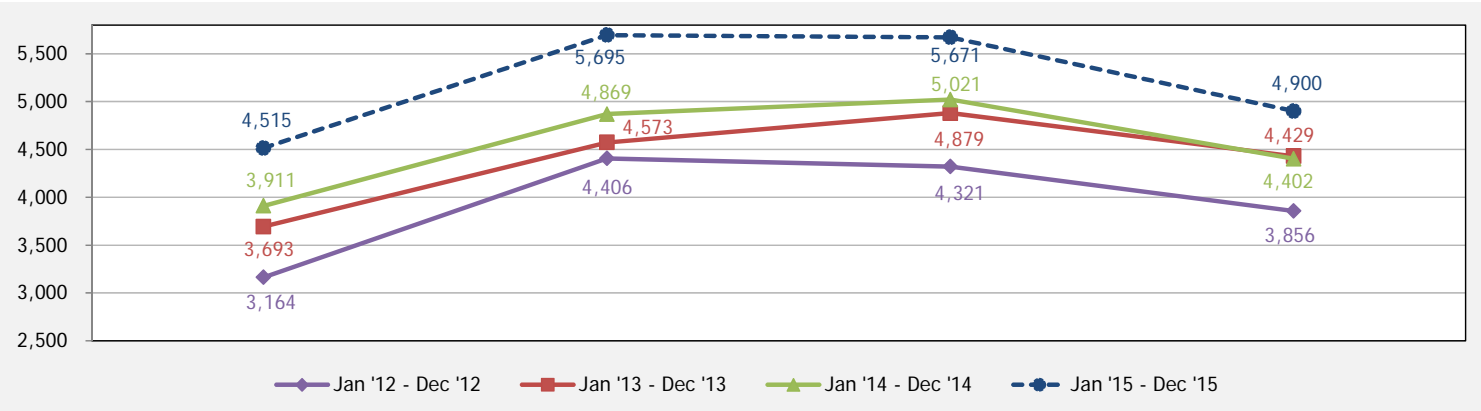
Total Permit Revenue - Quarterly



Total Permit Value - Quarterly



Total Permit Volume - Quarterly

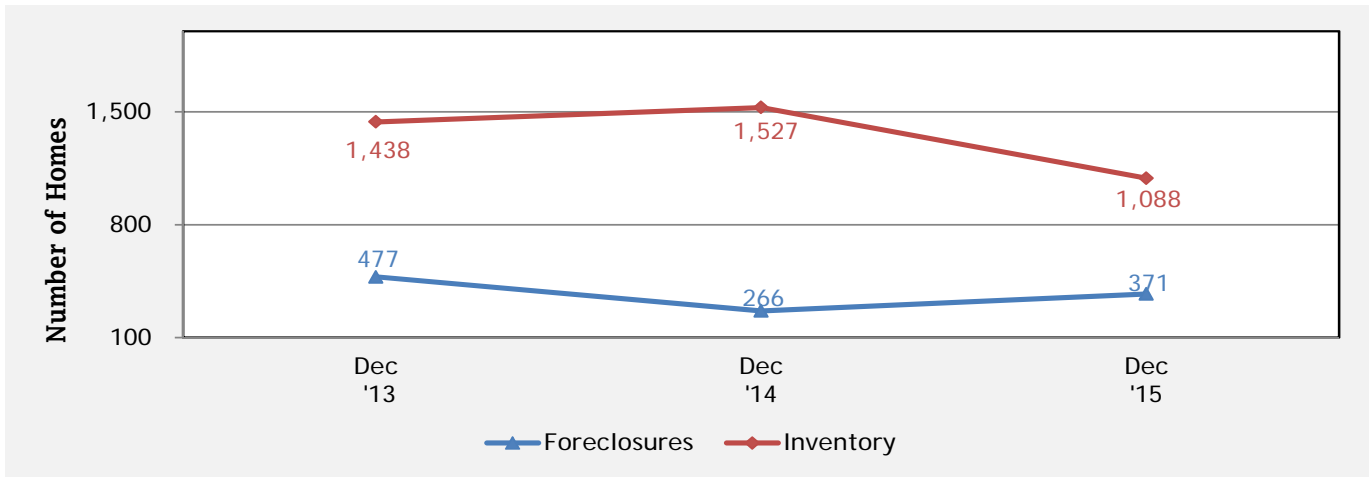


Source: <http://pds.cityofboise.org/building/docs/constreports/>

Housing Trends (latest available data) ↑

According to the latest Corelogic home price index (HPI) report in December, home prices for Idaho increased by 8.5% over last year, which is above the national average of 6.3%. Total inventory decreased by 28.7% over last year. Total foreclosure inventory numbers increased 39.5% over last year however remains at a manageable level at this time.

Housing Trends

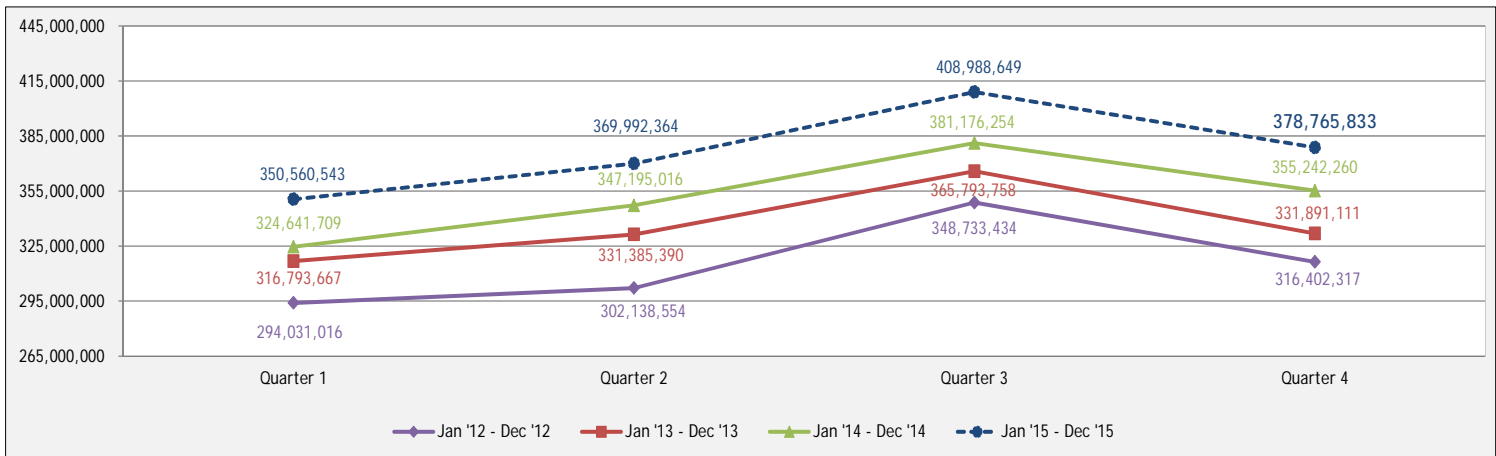


Source: www.trulia.com and www.corelogic.com

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 \$23.5M, or 6.6%, when compared to last year. Compared to the prior quarter, gross sales tax decreased by \$30.0M, or 7.4%, which is due to seasonality and is consistent with historical trends. The gross sales tax collection amount remains consistently higher than previous years.

Gross Sales Tax - Quarterly

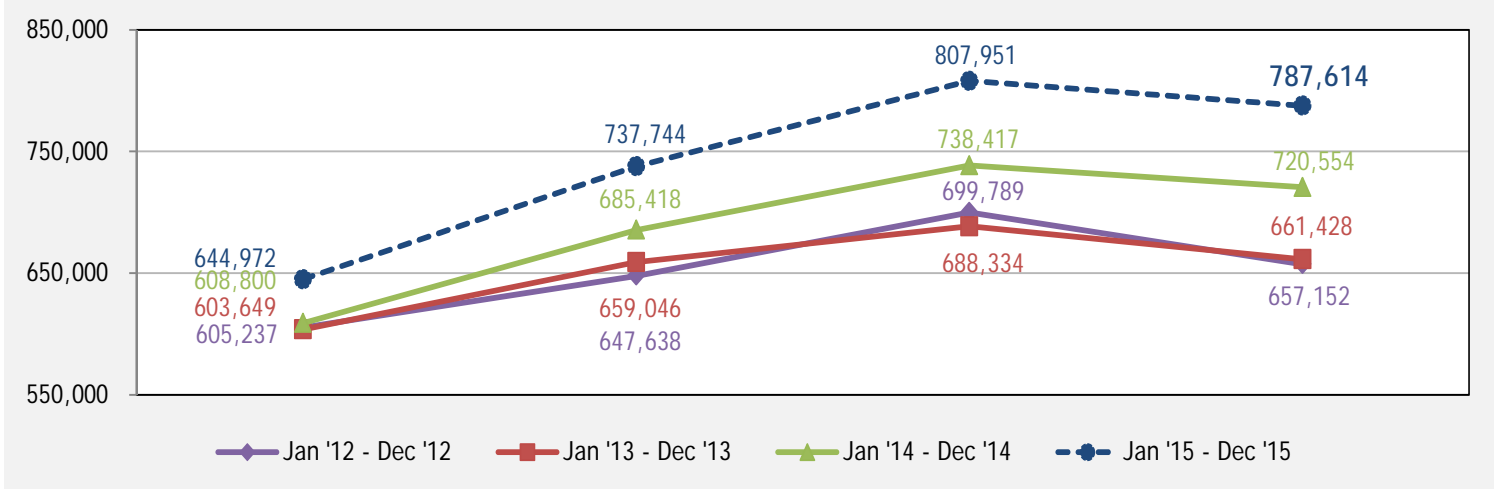


Source: Idaho State Tax Commission

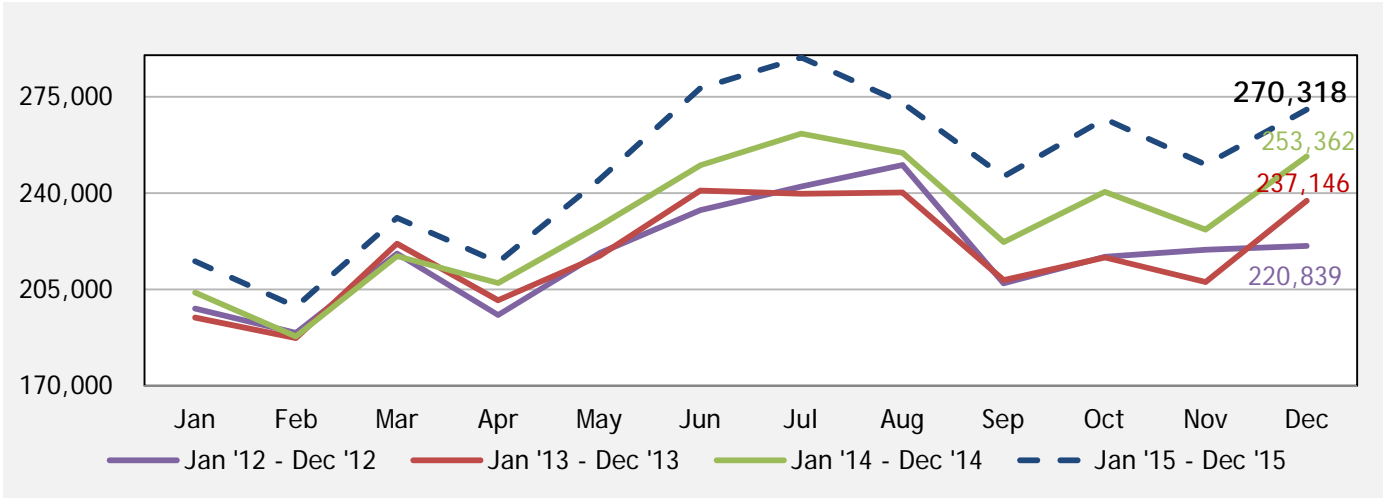
Airport Passenger Traffic ↑

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 67,060 passengers, or 9.3%, compared to last year. Compared to the prior quarter, total passenger traffic decreased by 20,337, or 2.5%. 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 which is consistent with historical trends. Total passenger traffic remains positive and has been positive on a year over year comparison since the quarter ending September 2013.

Total Passenger Traffic - Quarterly



Total Passenger Traffic - Monthly



Source: Department of Aviation, City of Boise