

**EOS 2019**

# FACING THE **CHALLENGE** OF AFFORDABLE HOUSING



# ABOUT THE BUREAU OF BUSINESS AND ECONOMIC RESEARCH

The Bureau of Business and Economic Research is the main research unit of the College of Business at the University of Montana. Established in 1948, its mission is to inform Montanans about the economic climate in which they live and work. In addition to conducting its Economic Outlook Seminar across the state at the beginning of each year, BBER researchers are engaged in a wide range of applied research projects that deal with different aspects of the state economy, including survey research, economic analysis, health care research, forecasting, wood product research and energy research. Contact us at (406) 243-5113 or [bbermail@business.umt.edu](mailto:bbermail@business.umt.edu) if we can be of any help to you or your business.

## ADVISORY BOARD

Dennis Beams  
Glacier Bank  
Kalispell

Taylor Brown  
Northern Broadcasting System  
Billings

Allison Johnston  
Payne West Insurance  
Missoula

Bill Whitsitt  
Executive in Residence  
Bigfork

Webb Brown  
Montana Chamber of Commerce  
Helena

Paddy Fleming  
Montana Manufacturing Extension Center  
Bozeman

Thomas Schultz  
Idaho Forest Group  
Boise

## DATES & LOCATIONS

**Helena**  
January 29, 2019  
Great Northern Hotel

**Billings**  
February 5, 2019  
Doubletree Hotel

**Kalispell**  
February 12, 2019  
Hilton Garden Inn

**Big Sky**  
March 14, 2019  
Warren Miller Performing Arts Center

**Great Falls**  
January 30, 2019  
Hilton Garden Inn

**Bozeman**  
February 6, 2019  
The Commons

**Sidney**  
March 12, 2019  
USDA Agricultural Research Services

**Missoula**  
February 1, 2019  
Hilton Garden Inn

**Butte**  
February 7, 2019  
NorthWestern Energy General Office

**Miles City**  
March 13, 2019  
Sleep Inn & Suites

# WELCOME TO THE 2019 ECONOMIC OUTLOOK SEMINAR

---

## FACING THE CHALLENGE OF AFFORDABLE HOUSING 4

Patrick Barkey, Director  
 Bureau of Business and Economic Research  
 University of Montana

## U.S. & NATIONAL OUTLOOK 9

Patrick Barkey, Director  
 Bureau of Business and Economic Research  
 University of Montana

## LOCAL ECONOMIC OUTLOOKS 17

Paul Polzin, Director Emeritus  
 Bureau of Business and Economic Research  
 University of Montana

## TOURISM & RECREATION 31

Norma Nickerson, Director  
 Institute for Tourism and Recreation Research  
 University of Montana

## HEALTH CARE 35

Patrick Barkey, Director  
 Robert Sonora, Associate Director  
 Bureau of Business and Economic Research  
 University of Montana

## ENERGY 38

Bill Whitsitt, Executive in Residence  
 Bureau of Business and Economic Research  
 University of Montana

## FOREST INDUSTRY 43

Todd Morgan, Director  
 Bureau of Business and Economic Research  
 University of Montana

## REAL ESTATE 48

Brandon Bridge, Director of Forecasting  
 Bureau of Business and Economic Research  
 University of Montana

## AGRICULTURE 60

George Haynes, Professor  
 Kate Fuller, Assistant Professor  
 Department of Agricultural Economics & Economics  
 Montana State University

Presented by



Thanks to our statewide sponsors





### Housing Has Always Been a Public Policy Priority

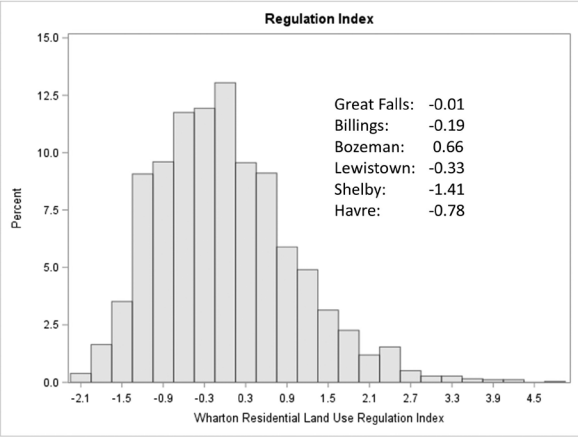
Federal Policies Supporting Homeownership

- Mortgage interest deduction
- Mortgage revenue bonds
- Mortgage credit certificates
- Capital gains treatment for sales of primary residences
- Savings and Loan Associations
- FHA insurance
- Fannie Mae and Freddie Mac mortgage guarantees
- Quota for Fannie and Freddie for targeted populations
- Support for institutions like FHLB's
- 30-year fixed rate mortgage with no pre-payment penalty
- FHA and VA loan programs
- HUD Section 502 low-rate mortgages to low-income households

### Local Policies Overlay National and State Policies

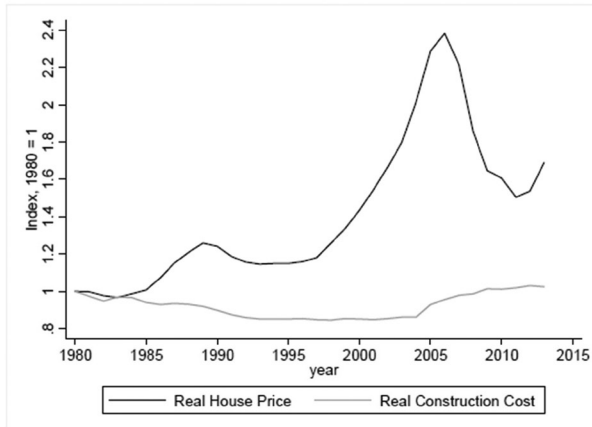
- Infrastructure requirements
- Exactions
- Height restrictions
- Caps on numbers of units
- Population growth limits
- Urban boundaries or green zones
- Restrictions on rezoning
- Super majority, voter, or multiple jurisdictional approvals
- Minimum lot size requirements
- Delays in local government decision-making.

### Level of Local Regulation of Housing Varies a Lot



Source: Gyourko, Joseph, Albert Saliz and Anita A. Summers "A New measure of the Local Regulatory Environment for Housing Markets," Urban Studies, forthcoming.

**Figure 1: Real Construction Costs and House Prices Over Time**

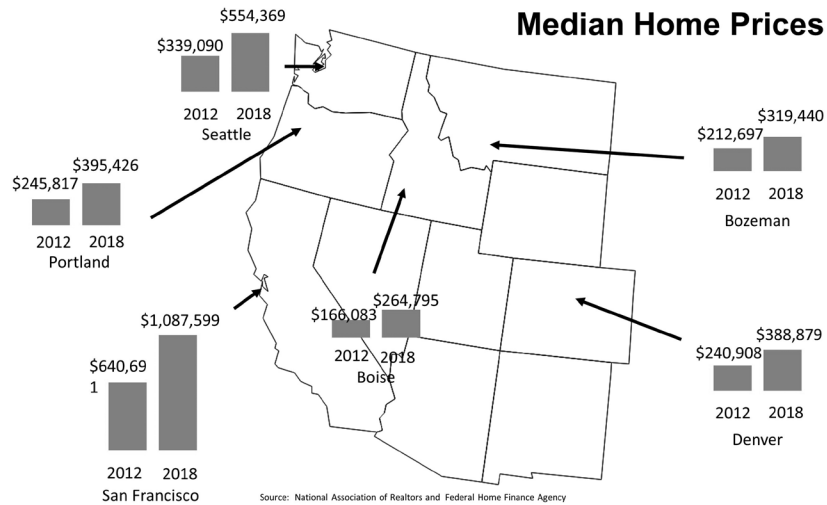


Source: Gyourko and Malloy, 2014, NBER Working Paper 20536.

### “High” Housing Prices Matter

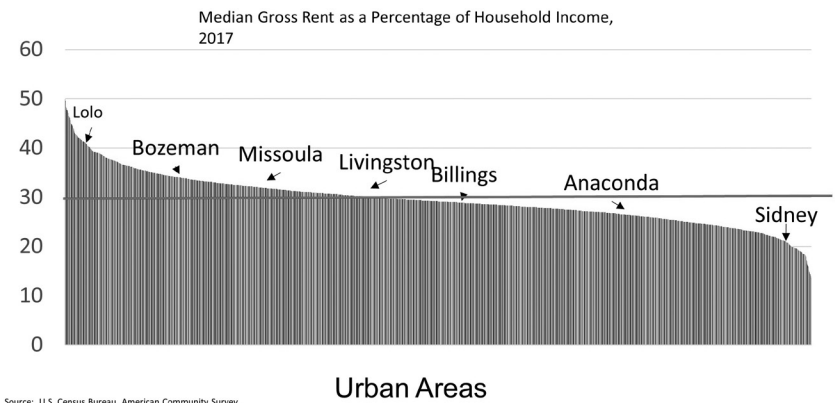
- “High” prices = prices pushed higher by regulatory constraints or other inefficiencies
- Even if markets were efficient, the price might be too high for many households
- Not enough money left over for other essentials
- Increase sprawl, commuting costs, congestion
- Reduce labor availability for lower and medium paying jobs
- Limit population mobility and economic growth

### Median Home Prices



Source: National Association of Realtors and Federal Home Finance Agency

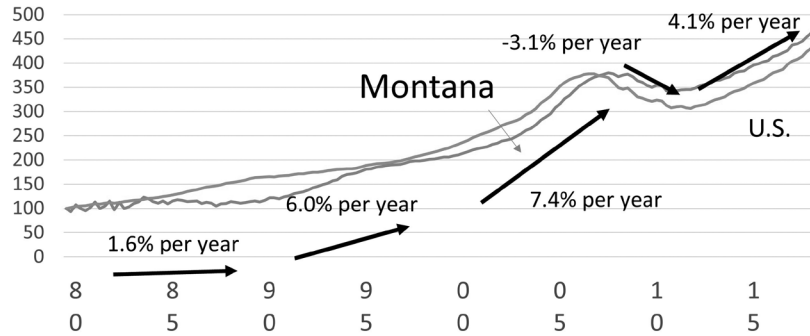
### Median Renter in 41 Percent of Urban Areas Pays More than 30 Percent of Income in Rent



Source: U.S. Census Bureau, American Community Survey.

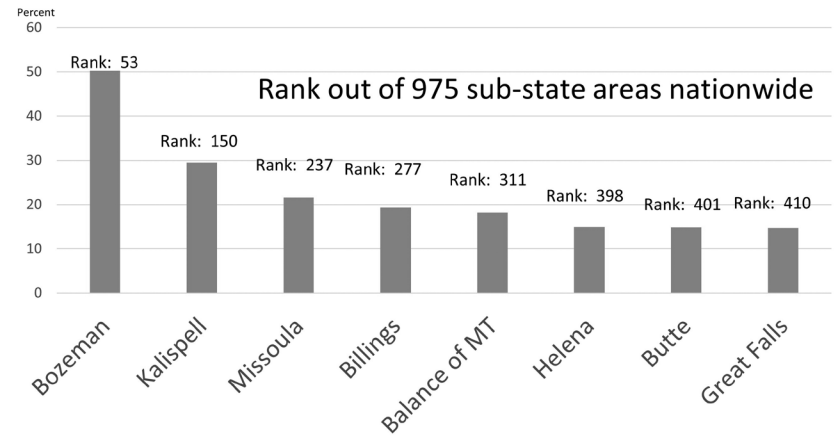
## Faster Housing Price Growth Has Resumed

Housing Price Index, All Transactions, Montana and U.S. 1980-2018  
Index, 1980=100



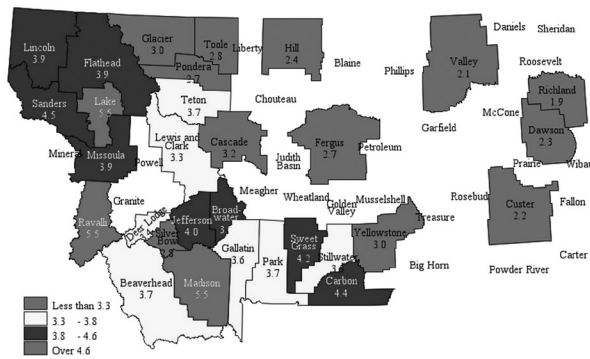
Source: U.S Federal Home Finance Agency

## Housing Price Growth Since 2012, With National Rank



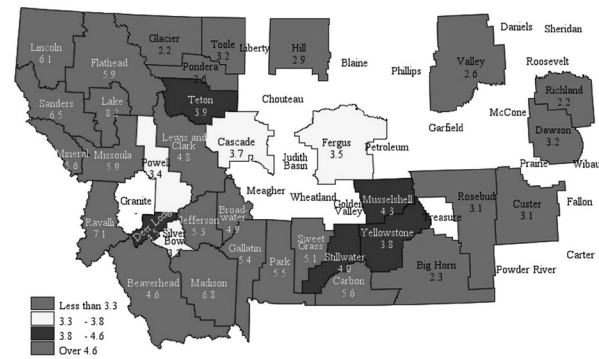
Source: FHFA

## Ratio of Home Price to Median Household Income 1998



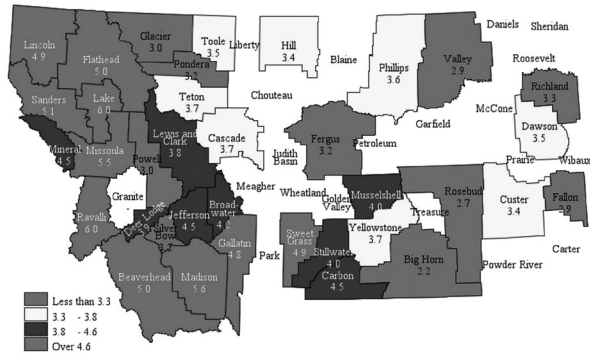
Source: BBER Calculations from Bureau of Census, National Association of Realtors and FHFA.

## Ratio of Home Price to Median Household Income 2007



Source: BBER Calculations from Bureau of Census, National Association of Realtors and FHFA.

### Ratio of Home Price to Median Household Income 2016



Source: BBER Calculations from Bureau of Census, National Association of Realtors and FHFA.

### What's the Solution?

It Depends on What You Think is the Problem

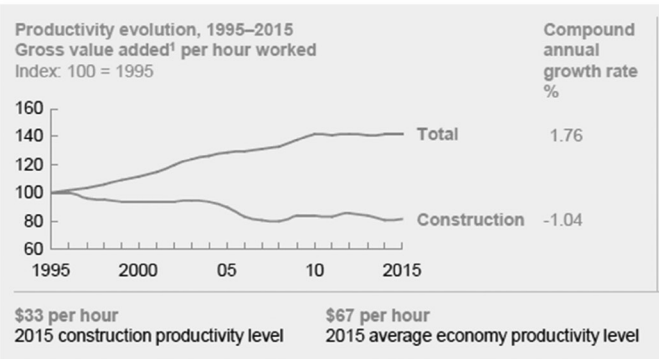
### The Market is the Problem

- “Hot” housing markets have high in-migration and high demand
- Land use policies and regulation reflect the “proper” pricing of the spillover effects of new housing
- Solution is to subsidize those who have difficulty paying
- Housing programs vs. poverty programs

### The Problem is Regulation and Policy

- Local regulation constricts housing supply, pushing prices up beyond construction costs plus profit
- Federal policies inflate demand for larger, more expensive homes
- No single rule or regulation is the culprit
- Solution is rollback or override of local regulatory power – from the state?

## The Problem is Something Else



Source: McKinsey Global Institute.

Why do you think housing costs are high?

1. Go to [pollev.com/bber297](http://pollev.com/bber297) to respond
- or,
2. Text BBER297 to 22333 once to join  
Then text A, B, C, or D to vote

What do you think is the most important reason why housing costs are high in Helena?

High Demand - Its  
Just the Market

Local Regulation  
Adds Costs

Federal Policies

Housing Costs Aren't  
High in Helena

ill Everywhere Start the presentation to see live content. Still no live content? Install the app or get help at [PollEv.com/app](http://PollEv.com/app)



## The Economic Outlook for the U.S. and Montana

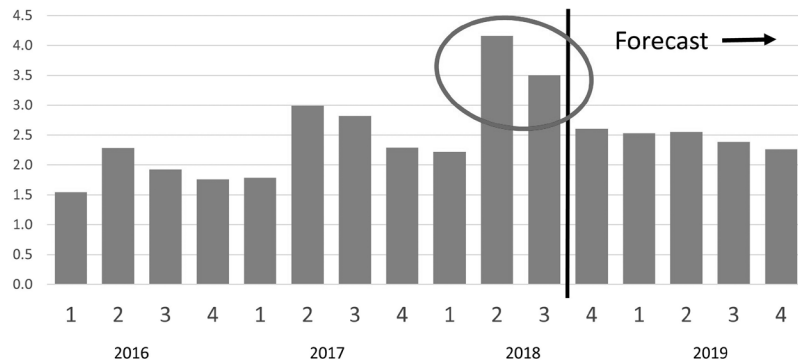
Patrick M. Barkey, Director  
Bureau of Business and Economic Research  
University of Montana

## The U.S. Economic Expansion: Nine Years and Counting

- Uptick in U.S. Growth Occurs Despite Little Labor Force Slack, Less Growth Abroad
- Stimulus of Lower Taxes, Increased Spending is Producing Higher Deficits but Also Faster Growth
- Inflation Nowhere in Sight
- Trade and Housing are Laggards, Consumer and Business Spending Carrying the Load
- Interest Rates Have Moved Up, the Dollar Remains Strong
- Financial Markets, Commodity Prices Close Out the Year With Increased Volatility

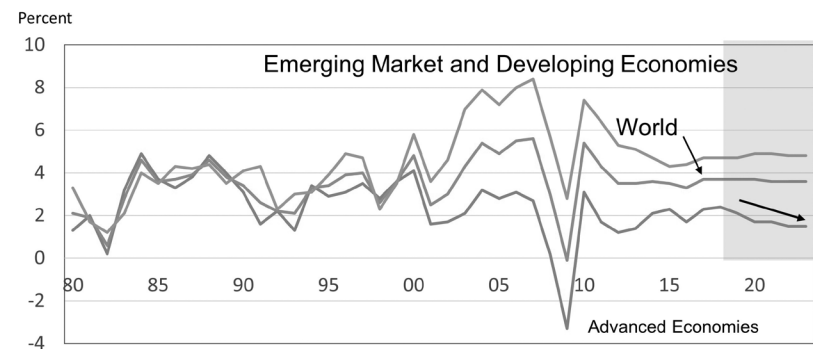
### There Was an Acceleration in U.S. Growth Last Year

Real Gross Domestic Product (GDP) Growth, Percent, Actual and Forecast



Source: U.S. Bureau of Economic Analysis and IHS Markit

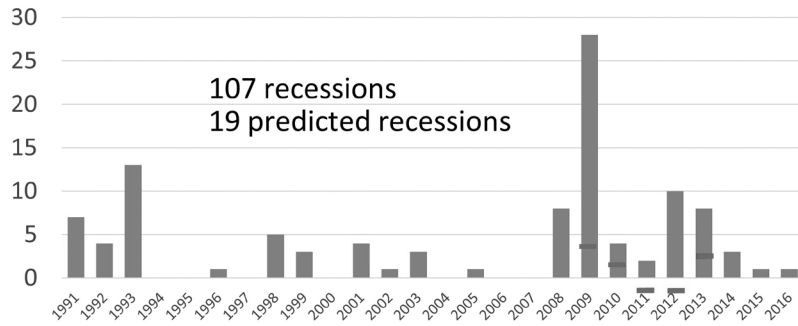
### Advanced Economies Expected to Decelerate as Global Growth Levels Off



Percent Change in Real Gross Domestic Product, Actual and Forecast  
Source: International Monetary Fund

## Global Growth Has Been Good, But Challenges Emerge

Number of Advanced Economies in Recession, by Year, 1991-2016



Source: International Monetary Fund

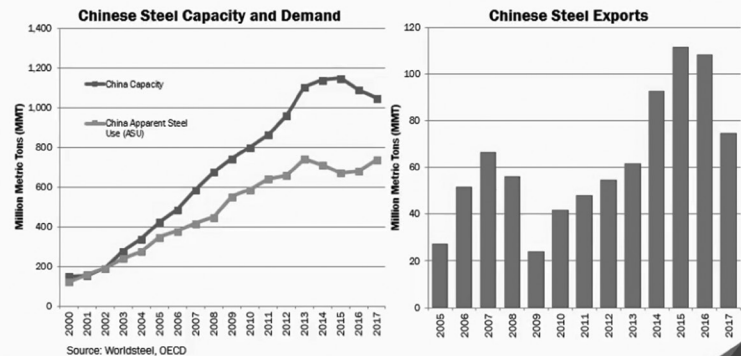
## Looking for Evidence of a Chinese Slowdown

Guangdong Manufacturing Purchasing Managers Index, New Orders



Source: The Economic and Information Commission of Guangdong Province

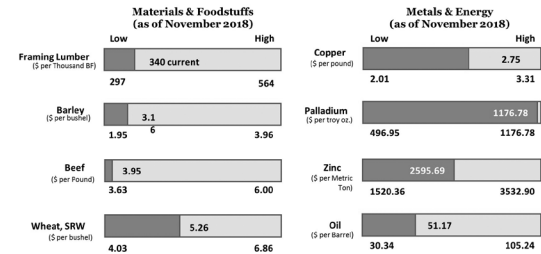
## Chinese Steel Exports Have Soared in Recent Years



Source: Worldsteel, OECD

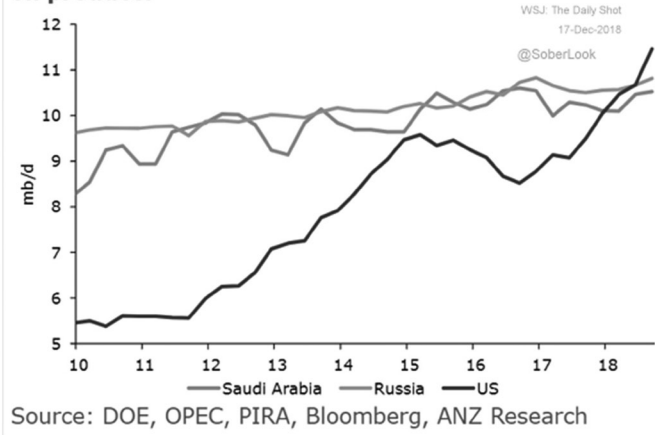
## Mixed Story for Most Important Commodities

Select Commodity Prices  
November 2018 vs. 5-Year High and Low



Source: World Bank, USDA, Random Lengths

**Figure 4. The US has now become the world's largest oil producer**



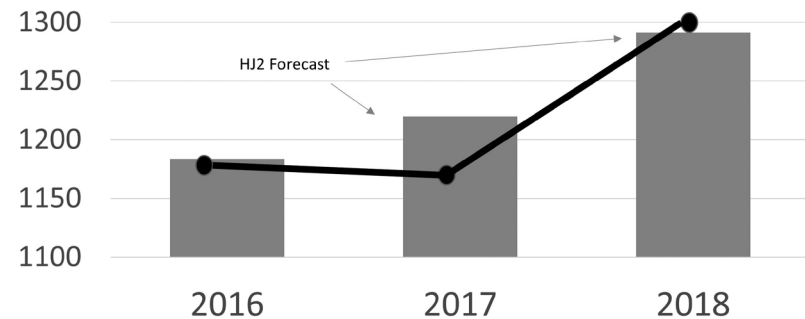
**Decline in Crude Oil Prices Not Yet as Severe as 2014**  
Crude Oil Prices, West Texas Intermediate (WTI), Weekly, 2011-2018



### Has Faster U.S. Economic Growth Shown Up in Montana?

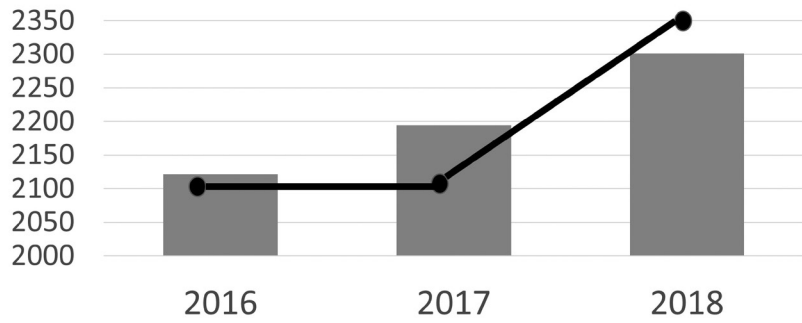
- Partial data suggest 2018 has seen continued growth
- Labor market continues to tighten
- State revenue off to a good start in FY19
- Global economic environment has worsened
- Higher interest rates another challenge for residential construction
- Recovery for Montana's agriculture and energy producers has not been smooth
- What explains Montana's economic malaise in 2016?

Income Tax Collections Back on Track with 2017 Legislative Forecast

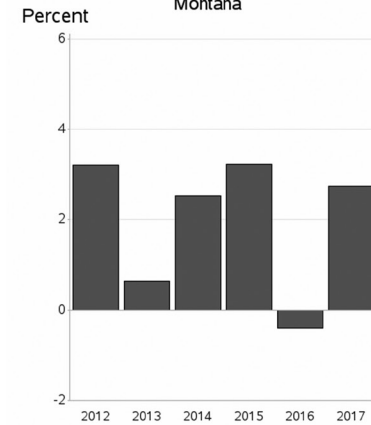


Source: Montana Department of Revenue

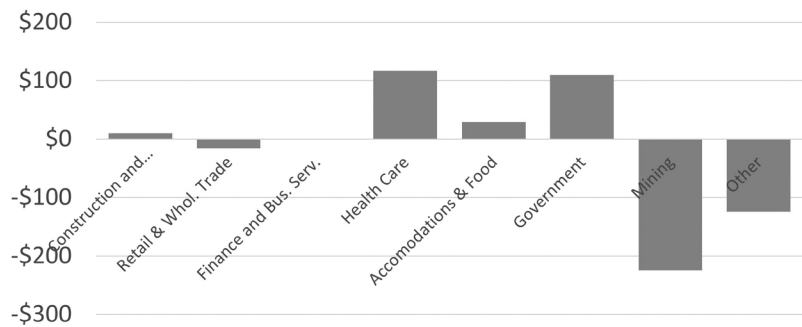
General Fund Collections Also Back on Track



Real Nonfarm Earnings Growth  
Montana

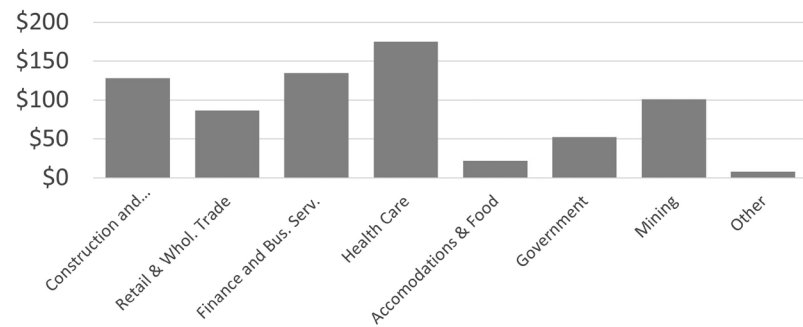


Real Earnings Growth by Industry, Montana, 2016 (\$ millions)



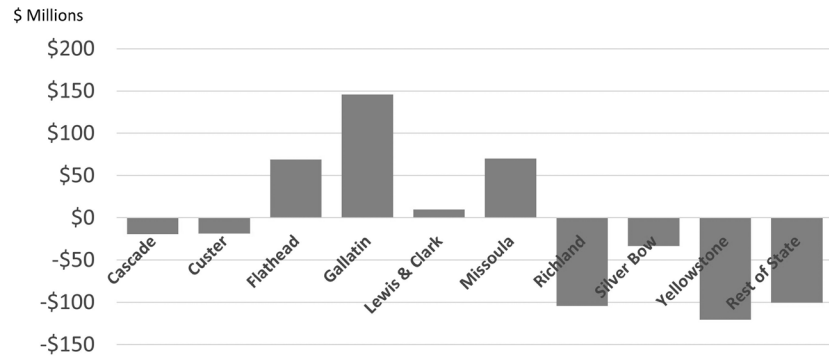
Source: U.S. Bureau of Economic Analysis

Real Earnings Growth by Industry, Montana, 2017 (\$ millions)



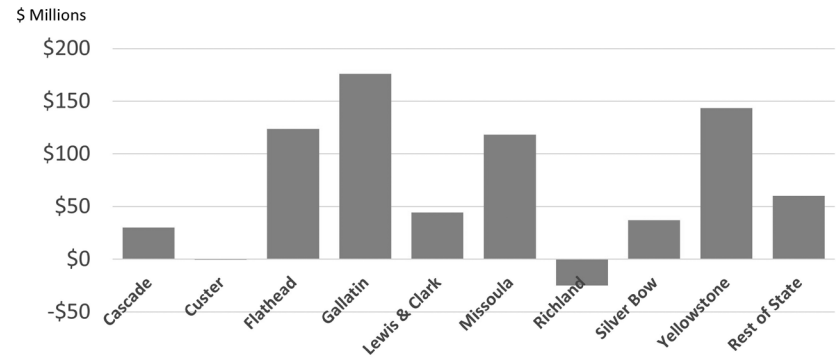
Source: U.S. Bureau of Economic Analysis

### Real Nonfarm Earnings Growth by County, 2016 (\$ millions)



Source: U.S. Bureau of Economic Analysis

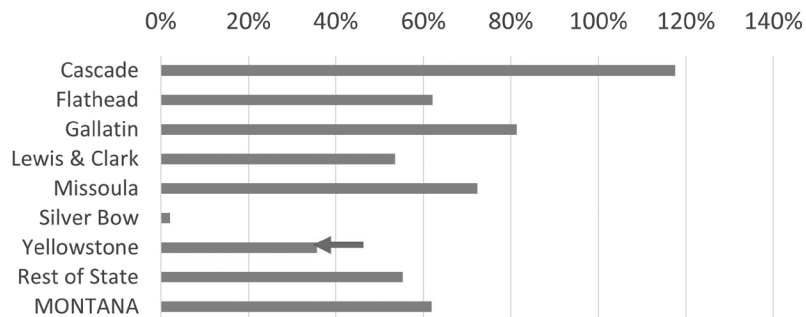
### Real Nonfarm Earnings Growth by County, 2017 (\$ millions)



Source: U.S. Bureau of Economic Analysis

### Rebound in 2017 Was Helped by Stronger Business Proprietor Income

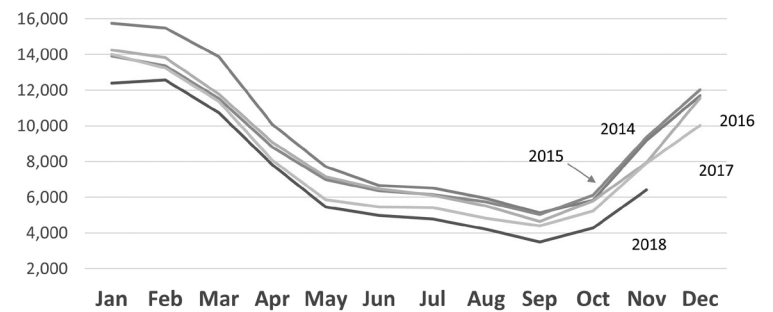
Wage and Salaries Share of Total Earnings Growth, Percent



Source: U.S. Bureau of Economic Analysis

### Montana Labor Market Still Tightening

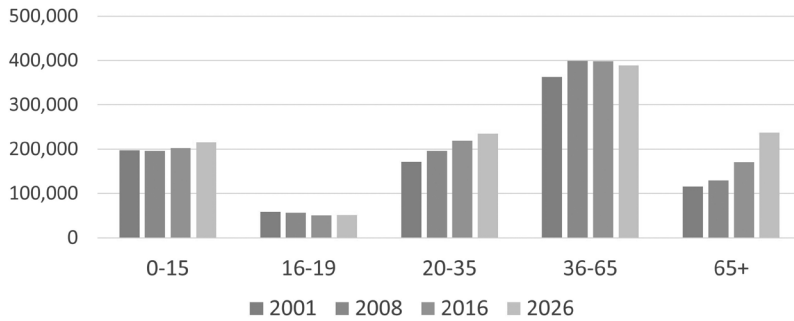
Unemployment Insurance Claims, 2014-18



Source: Montana Department of Labor and Industry

## Growth in Population of Prime Age Workers Has Stagnated

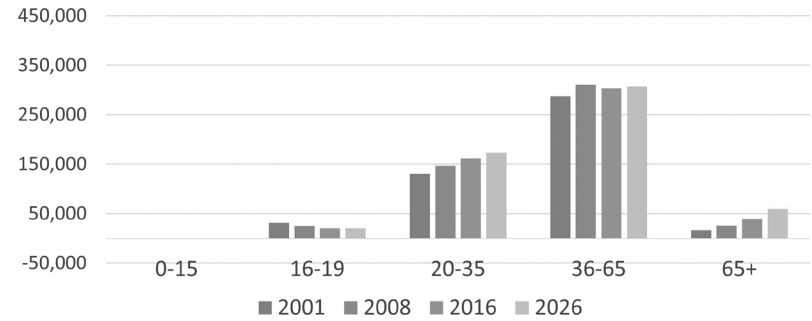
Montana Population by Age-Category, Selected Years



Source: UM Bureau of Business and Economic Research

## Labor Force Growth Hinges on Participation Rates

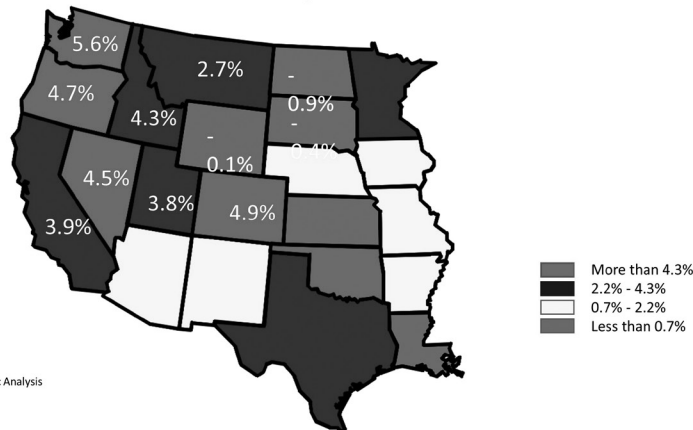
Montana Labor Force by Age-Category, Selected Years



Source: UM Bureau of Business and Economic Research

## Montana Growth is Low by Western Standards

Percent Growth in Real Nonfarm Earnings, 2017



Source: U.S. Bureau of Economic Analysis

## High Tech is Growing – But What is It?

Industries Classified as High Tech in BBER Study

NAICS Code	Definition
3254	Pharmaceutical and medicine manufacturing
3341	Computer and peripheral equipment manufacturing
3342	Communications equipment manufacturing
3344	Semiconductor and electronic component manufacturing
3345	Electronic instrument manufacturing
3364	Aerospace product and parts manufacturing
5112	Software publishers
516	Internet publishing and broadcasting
517	Telecommunications
518	Data processing, hosting and related services
5413	Architectural and engineering services
5415	Computer systems design and related services
5417	Scientific research and development services

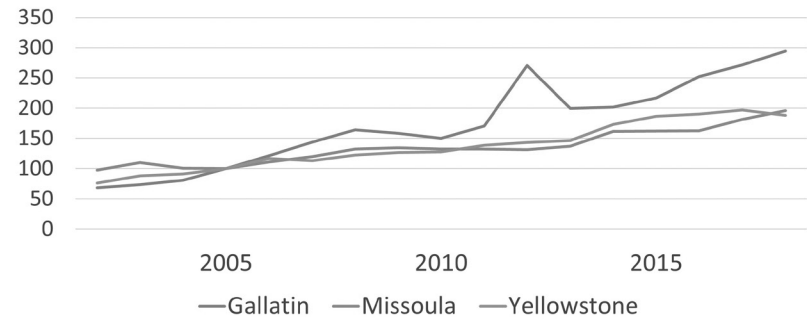
Source: A Profile of Montana's High Tech Industries (2018).

### Gallatin, Yellowstone and Missoula Counties Have Largest High Tech Footprint



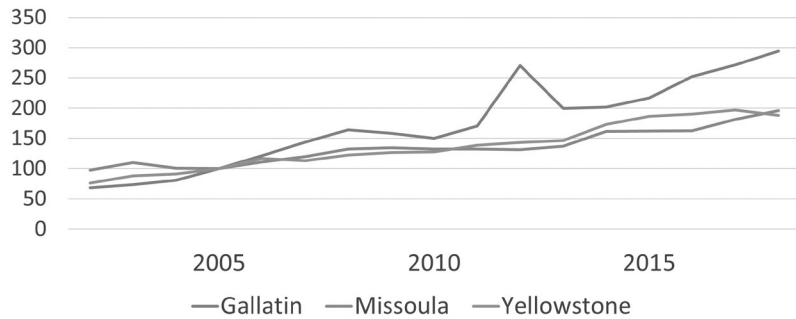
Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

### Growth in High Tech Wages Since 2002



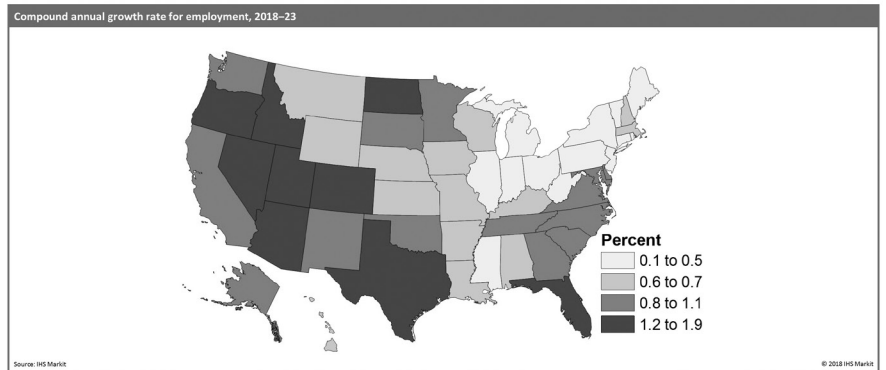
Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

### Growth in High Tech Wages Since 2002



Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

### Medium-term job growth reflects changing demographics



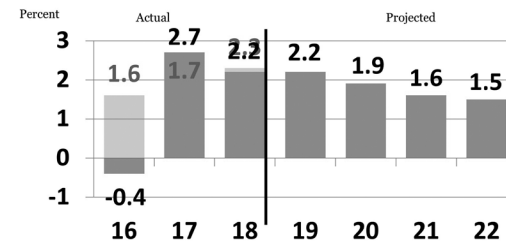
Source: IHS Markit

© 2018 IHS Markit

## Outlook for Montana's Key Industries

- Tech related businesses and construction remain healthy, especially in western Montana
- Farm bill passage helps farmers
- Uncertainties for energy and natural resource producers
- Real estate and financial institutions set for another good year
- Transportation industries slowly improving
- Tariff and trade challenges ahead?

Growth in Nonfarm Earnings,  
Montana, 2016-22



Source: BBER and U.S. Bureau of Economic Analysis



# Local Outlook: All Cities

By Paul E. Polzin  
Director Emeritus  
Bureau of Business and Economic Research  
University of Montana

## Population

2017

Great Falls Area	81,654
Kalispell-Whitefish-Big Fork	100,000
Bozeman-Big Sky	107,810
Helena Area	67,773
Missoula Area	117,441
Hamilton Area	43,463
Butte Area	34,602
Billings Area	158,980

Source: U.S. Bureau of the Census

## Per Capita Income

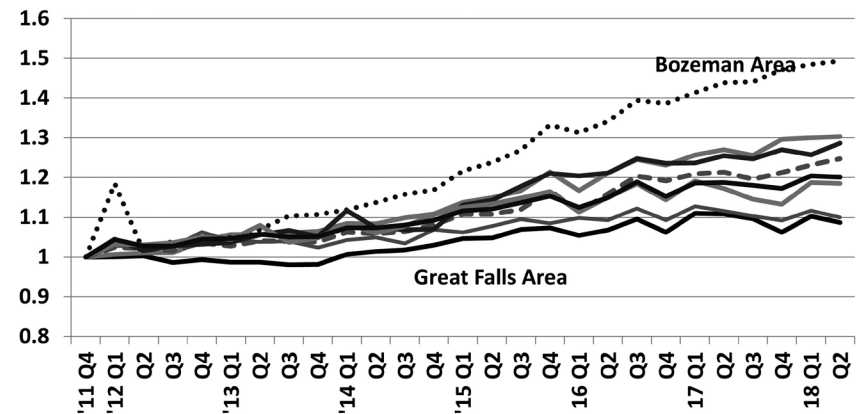
2017

	Income	Percent of MT
Great Falls Area	\$46,000	101.4
Kalispell-Whitefish-Big Fork	\$45,800	100.9
Bozeman-Big Sky	\$51,800	114.1
Helena Area	\$47,300	104.2
Missoula Area	\$46,800	103.1
Hamilton Area	\$42,100	92.8
Butte Area	\$47,900	105.5
Billings Area	\$50,000	110.2

Source: U.S. Bureau of Economic Analysis

## Inflation Adjusted Wages and Salaries, 2011 Q1 to 2018Q2

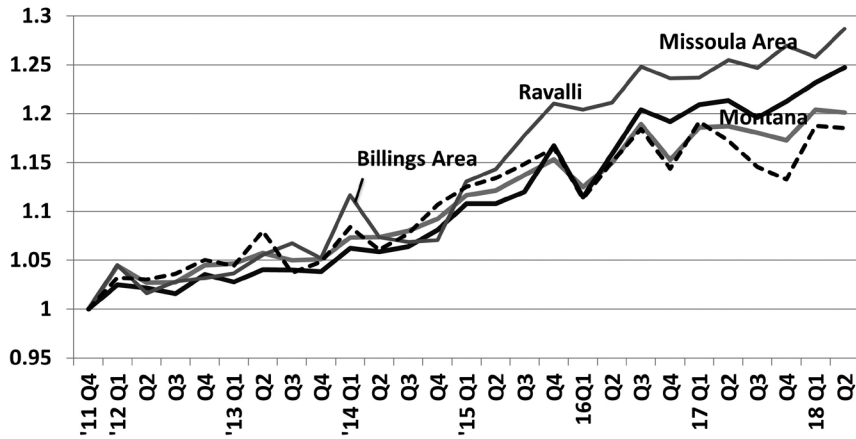
Index, 2011 Q4=1.00



Source: U.S. Bureau of Labor Statistics

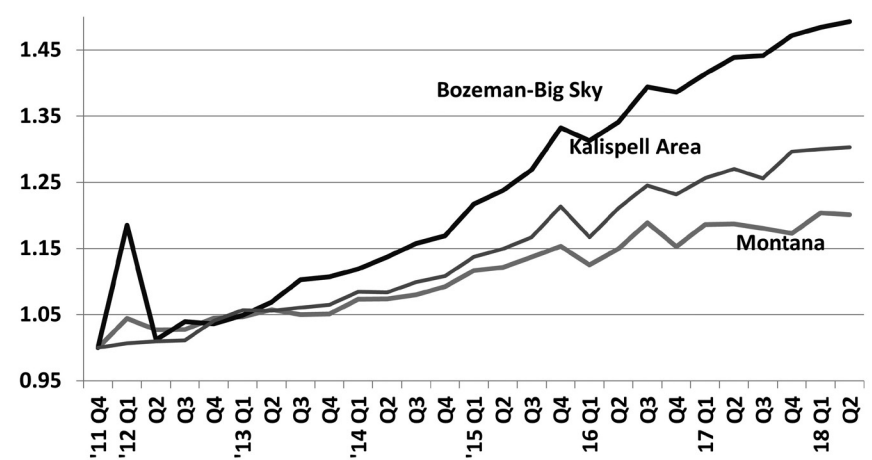
## Inflation Adjusted Wages and Salaries, 2011 Q4 to 2015 Q2

Index, 2011 Q4=1.00



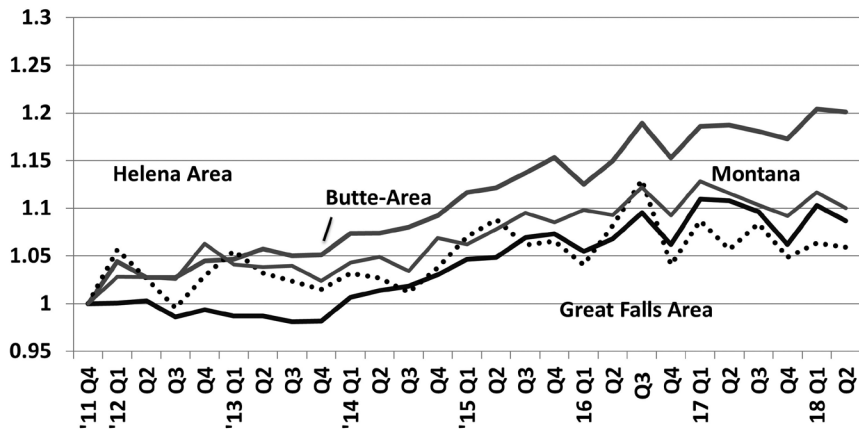
## Inflation Adjusted Wages and Salaries, 2011 Q1 to 2018 Q2

Index, 2011 Q4=1.00

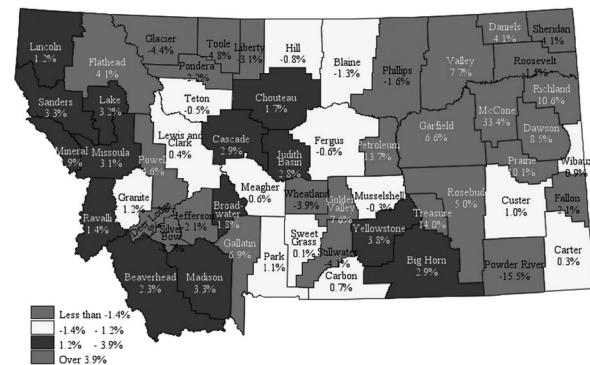


## Inflation Adjusted Wages and Salaries, 2011 Q1 to 2018 Q2

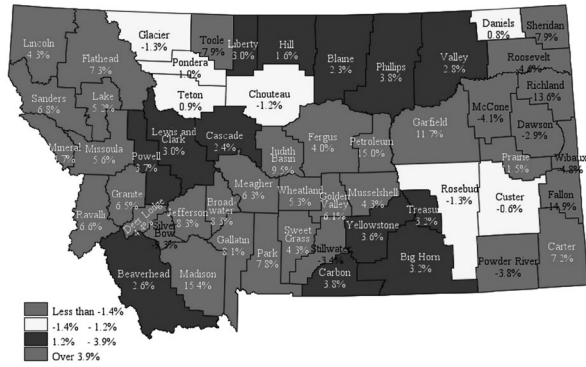
Index, 2011 Q4=1.00



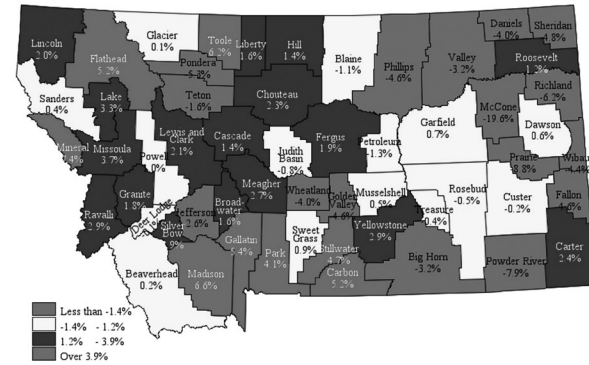
## Percent Growth in Real Nonfarm Earnings 2014



Percent Growth in Real Nonfarm Earnings 2015



Percent Growth in Real Nonfarm Earnings 2017



## Local Outlook: Billings Area

By Paul E. Polzin  
Director Emeritus  
Bureau of Business and Economic Research  
University of Montana

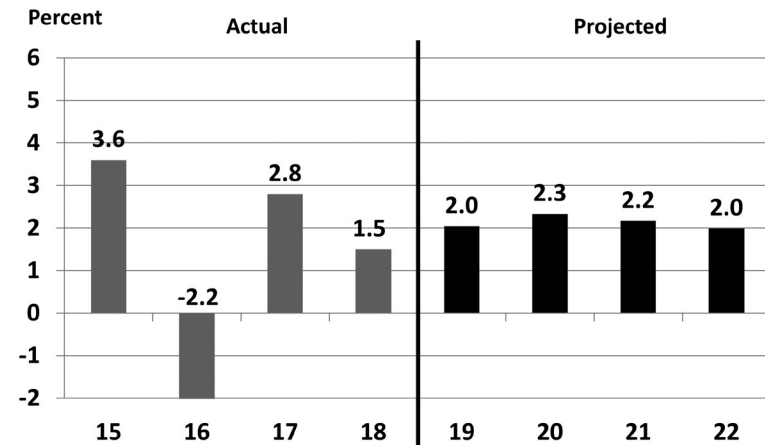
### Billing Area's Economic Base

Other Basic	2%	
Mining	4%	
Nonresident Travel	6%	
Higher Ed. And State Gov't	7%	
Transportation	12%	\$58 Mil
Trade Center – Services	12%	\$45 Mil
Federal Government	11%	
Trade Center – Wholesale, Retail	13%	\$54 Mil
Trade Center-Health Care	14%	
Manufacturing	19%	\$73 Mil
		\$312 Mil '12-'17 Total Change

## Major Contributors to '15-'17 Income Growth Billings Area

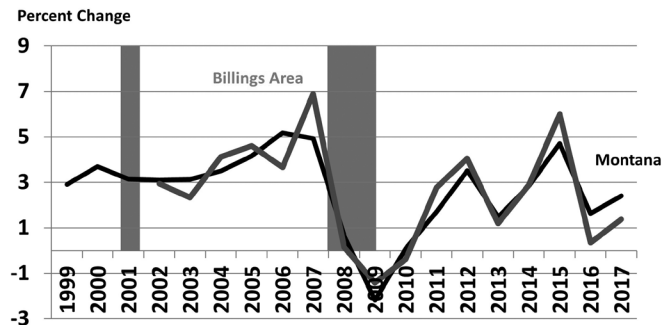
Rank	Name	Thous of \$	Percent of Total
1	Health Care	107,200	63.3
2	Manufacturing	33,100	19.6
3	Local Gov't	27,800	16.4
4	Finance & Insuranc	24,800	14.7
5	Federal Civilian	19,400	11.5

## Actual and Projected Change in Nonfarm Earnings, Billings Area, 2015-2022



Source: IHS Global Insight and BBER

## Inflation Adjusted Wages and Salaries, 1999 to 2017



## Local Outlook: Bozeman- Big Sky

By Paul E. Polzin  
 Director Emeritus  
 Bureau of Business and Economic Research  
 University of Montana

## Bozeman-Big Sky Economic Base

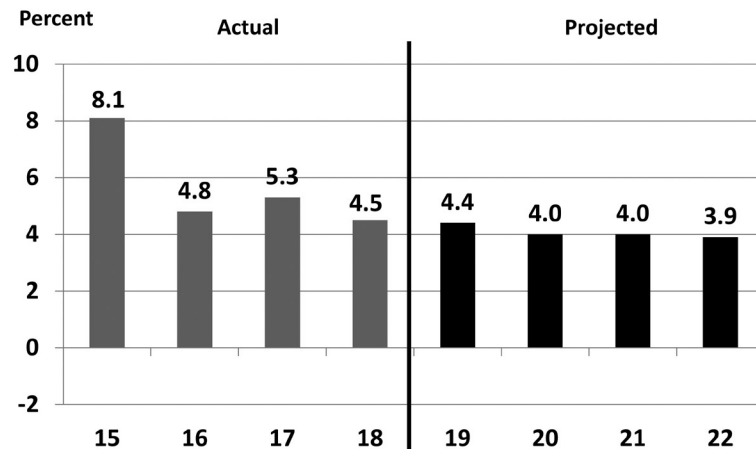
Other Basic	5%	\$47 Mil
Ag. And Related	6%	
Trade Center – Retail	12%	\$30
Federal Government	6%	
Nonresident Travel	15%	\$77 Mil
Manufacturing	15%	\$67 Mil!
Trade Center – Prof. Services	16%	
MSU and State Government	25%	\$35 Mil

\$260 '12-'17 Total Change

## Major Contributors to '15-'17 Income Growth Bozeman-Big Sky

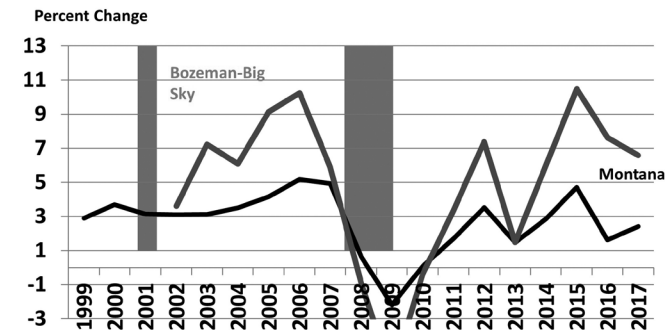
Rank	Name	Thous of \$	Percent of Total
1	Pro. & Scien. Services	77,700	15.0
2	Construction	77,100	14.8
3	Retail Trade	53,100	10.2
4	Health Care	47,500	9.1
5	Manufacturing	25,900	5.0

## Actual and Projected Change in Nonfarm Earnings, Bozeman-Big Sky, 2015-2022



Source: IHS Global Insight and BBER

## Inflation Adjusted Wages and Salaries, 1999 to 2017



## Local Outlook: Butte Area

By Paul E. Polzin  
Director Emeritus  
Bureau of Business and Economic Research  
University of Montana

## Butte Area's Economic Base

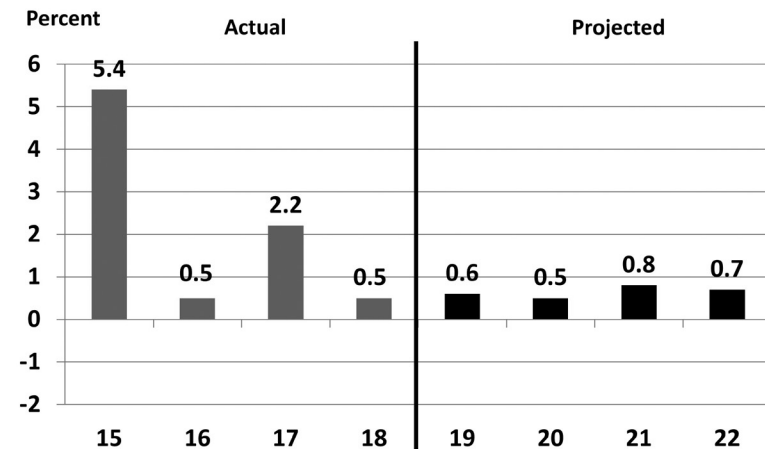
Trade Center – Services	3%	
Trade Center – Health Care	10%	\$22 Mil
Manufacturing	12%	
Federal Government	8%	-\$9 Mil
Trade Center – Retail and Nonres. Travel	15%	\$63 Mil
Utility	20%	\$12 Mil
Montana Tech, State Gov't	21%	
Mining	11%	-\$15 Mil

\$88 Mil '12-'17 Total Change

## Major Contributors to '15-'17 Income Growth Butte Area

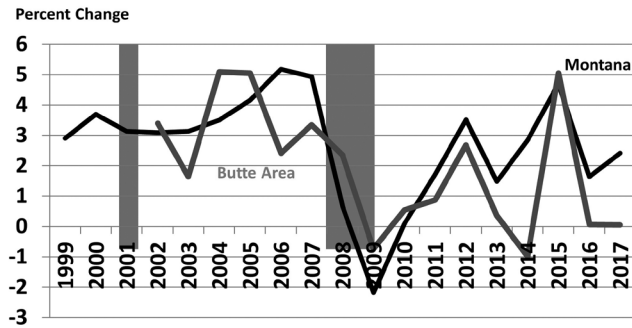
Rank	Name	Thous of \$	Percent of Total
1	Retail Trade	49,700	141.6
2	Accommodations	11,200	32.0
3	State Gov't	3,700	10.6
4	Management of Companies	2,500	7.1
5	Local Gov't	2,400	6.5

## Actual and Projected Change in Nonfarm Earnings, Butte Area, 2015-2022



Source: IHS Global Insight and BBER

## Inflation Adjusted Wages and Salaries, 1999 to 2017



## Local Outlook: Great Falls Area

By Paul E. Polzin  
 Director Emeritus  
 Bureau of Business and Economic Research  
 University of Montana

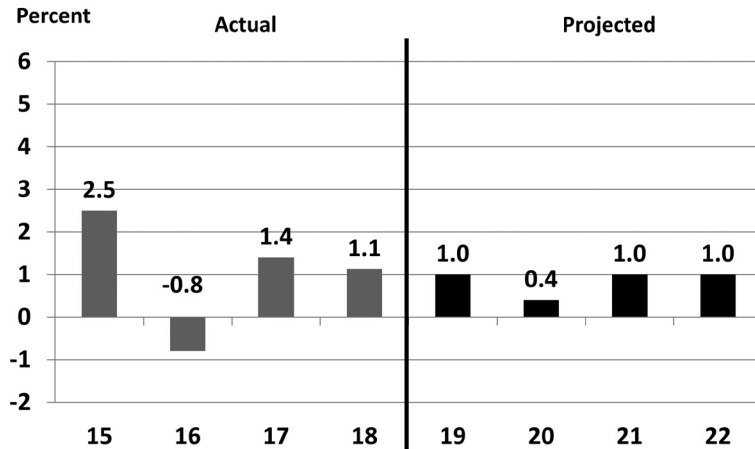
## Great Falls Area Economic Base

<b>Other Basic</b>	<b>5%</b>	
<b>Ag. And Related</b>	<b>2%</b>	
Trade Center – Wholesale, Retail, Finance	<b>7%</b>	-\$4 Mil
<b>Manufacturing</b>	<b>10%</b>	+\$13 Mil
<b>State Gov't and Higher Ed.</b>	<b>8%</b>	
<b>Transportation</b>	<b>6%</b>	
<b>Trade Center – Health Care</b>	<b>10%</b>	
<b>Federal Civilian</b>	<b>11%</b>	-\$3 mil
<b>Malmstrom AFB</b>	<b>41%</b>	-\$12 mil
		-\$18 mil '12-'17 Total Change

## Major Contributors to '15-'17 Income Growth Great Falls Area

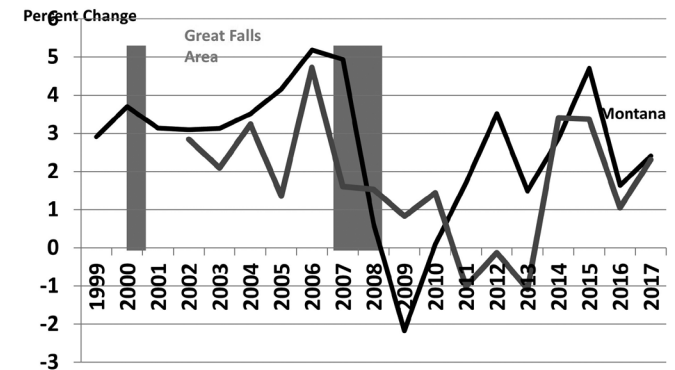
Rank	Name	Thous of \$	Percent of Total
1	Health Care	26,600	33.3
2	Construction	15,300	19.2
3	Finance and Insurance	14,600	18.3
4	Military	11,700	14.6
5	Federal Civilian	8,300	10.3

## Actual and Projected Change in Nonfarm Earnings, Great Falls Area, 2015-2022



Source: IHS Global Insight and BBER

## Inflation Adjusted Wages and Salaries, 1999 to 2017



## Local Outlook: Helena Area

By Paul E. Polzin  
 Director Emeritus  
 Bureau of Business and Economic Research  
 University of Montana

## Helena Area Economic Base

Ag. And Mining	3%	
Transportation and Information	2%	
Manufacturing	4%	\$5 mil
Education, Other	5%	
Trade Center – Insurance	7%	\$10 mil
Trade Center – Prof. and Tech.	6%	\$20 mil
Federal Government	19%	\$14 mil
State Government	54%	\$26 mil

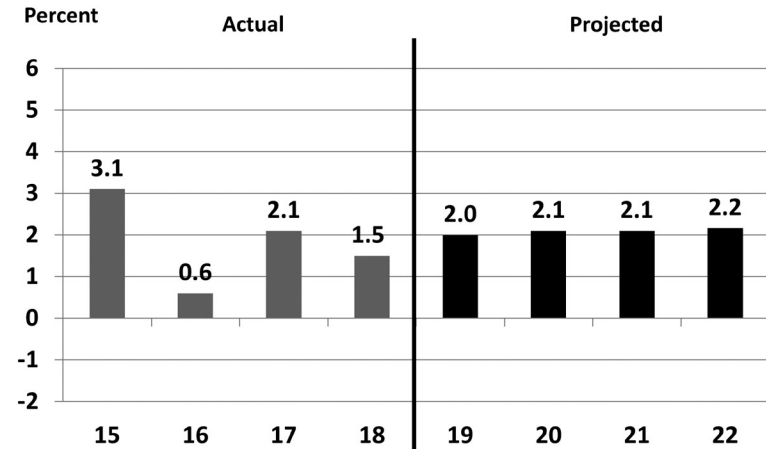
\$64 mil '12-'17 Total Change



## Major Contributors to '15-'17 Income Growth Helena Area

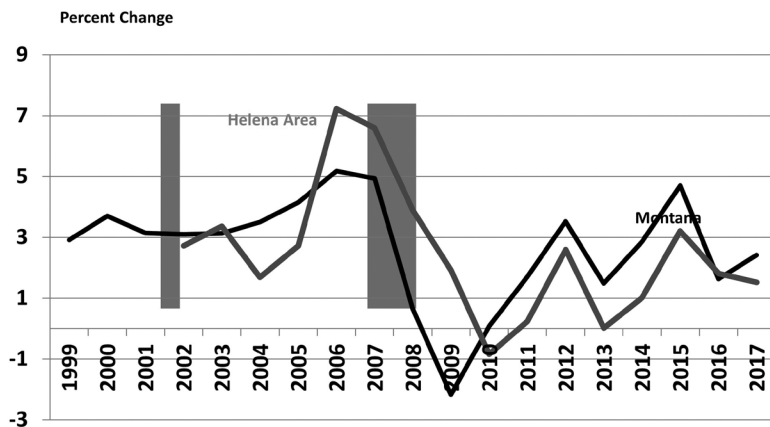
Rank	Name	Thous of \$	Percent of Total
1	Health Care	34,500	28.1
2	Construction	15,500	12.6
3	State Gov't	14,200	11.6
4	Finance and Insurance	13,700	11.2
5	Other Services	10,600	8.7

## Actual and Projected Change in Nonfarm Earnings, Helena Area, 2015-2022



Source: IHS Global Insight and BBER

## Inflation Adjusted Wages and Salaries, 1999 to 2017



## Local Outlook: Kalispell-Whitefish-Big Fork

By Paul E. Polzin  
 Director Emeritus  
 Bureau of Business and Economic Research  
 University of Montana

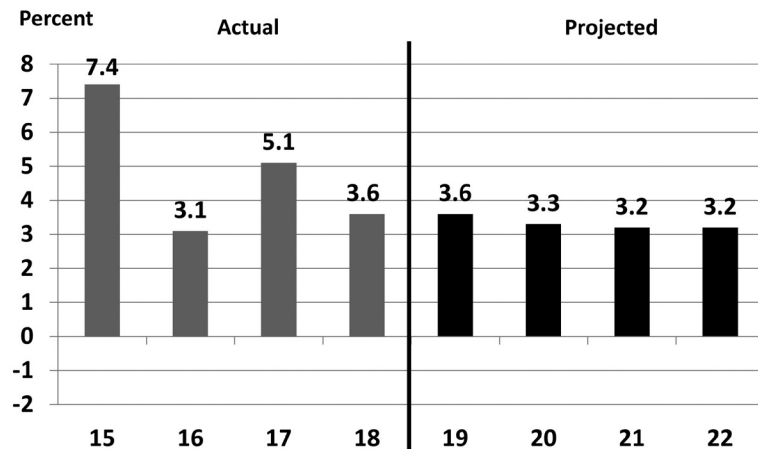
## Kalispell-Whitefish-Big Fork Economic Base

Trade Center-Retail	3%	\$21 Mil
Ag. and Other	3%	
Trade Center-Services	11%	
Transportation	8%	
Health Care	16%	\$61 Mil
Other Manufacturing	15%	\$15 Mil
Wood Products	12%	
Federal Government	13%	
Nonresident Travel	19%	\$29 Mil
		\$126 Mil '12-'17 Total Change

## Major Contributors to '15-'17 Income Growth Kalispell-Whitefish-Big Fork

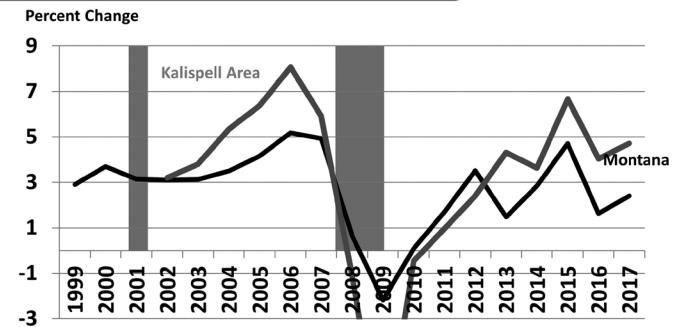
Rank	Name	Thous of \$	Percent of Total
1	Health Care	105,000	35.5
2	Construction	45,000	15.2
3	Pro. & Scien. Services	36,900	12.4
4	Retail Trade	30,600	10.3
5	Finance & Insurance	16,300	5.5

## Actual and Projected Change in Nonfarm Earnings, Kalispell-Whitefish-Big Fork, 2015-2022

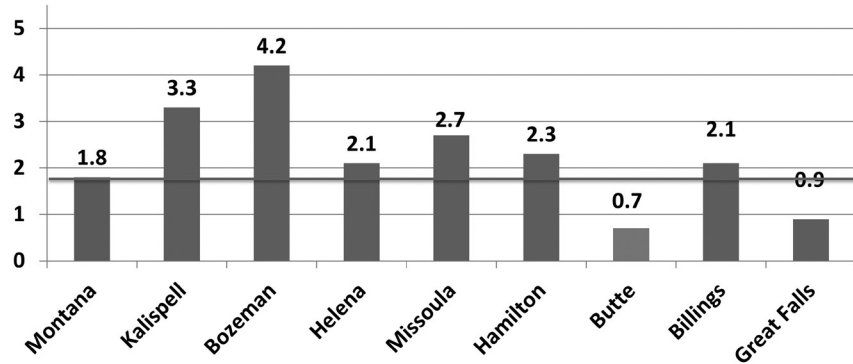


Source: IHS Global Insight and BBER

## Inflation Adjusted Wages and Salaries, 1999 to 2017



**Projected Annual Percent Change  
in Nonfarm Earnings  
(in Constant Dollars) 2019-2022**



**Local Outlook:  
Missoula and Hamilton Area**

By Paul E. Polzin  
Director Emeritus  
Bureau of Business and Economic Research  
University of Montana

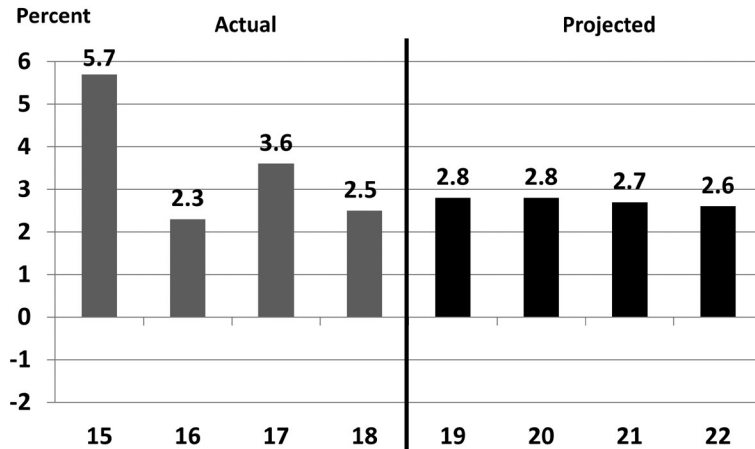
**Missoula Area's  
Economic Base**

Other Manufacturing	8%	\$17 Mil
Trade Center – Retail, Wholesale	4%	\$27 Mil
Wood Products	6%	\$21 Mil
Nonresident Travel	10%	
Transportation	9%	
Trade Center – Other Services	11%	\$ 6 Mil
Federal Government	13%	\$13 Mil
Trade Center – Medical	15%	
UM & Other State Gov't	24%	\$17 Mil
<b>\$145 Mil '12-'17 Total Change</b>		

**Major Contributors to  
'15-'17 Income Growth  
Missoula Area**

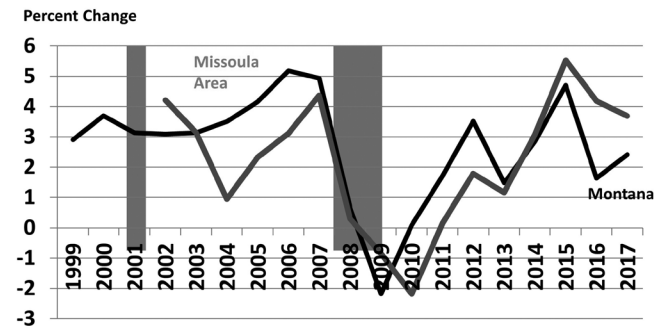
Rank	Name	Thous of \$	Percent of Total
1	Health Care	57,300	17.7
2	Retail Trade	39,200	12.1
3	Construction	35,400	11.0
4	Professional Services	26,300	8.1
5	Finance & Insurance	25,000	7.7

## Actual and Projected Change in Nonfarm Earnings, Missoula Area, 2015-2022



Source: IHS Global Insight and BBER

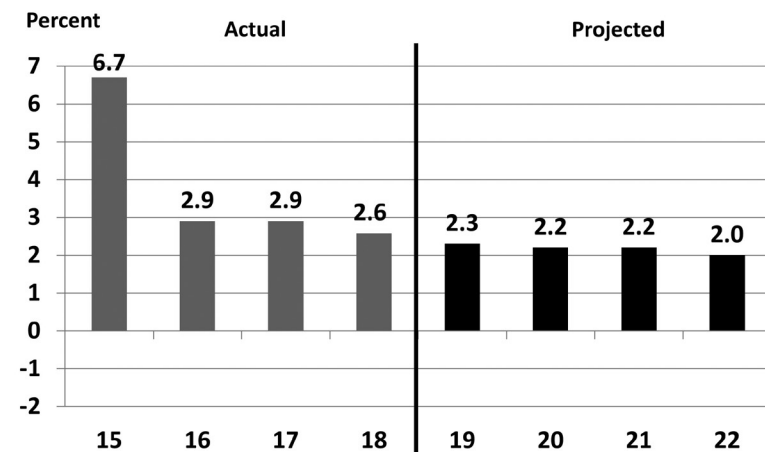
## Inflation Adjusted Wages and Salaries, 1999 to 2017



## Hamilton Area's Economic Base

Other	4%	
Ag and Nonres. Travel	7%	
Wood Products	3%	
Manufacturing	8%	\$1 Mil
Federal Government	8%	
Medical Research	16%	\$3 Mil
Commuters	55%	\$27 Mil
		\$32 Mil '12-'17 Total Change

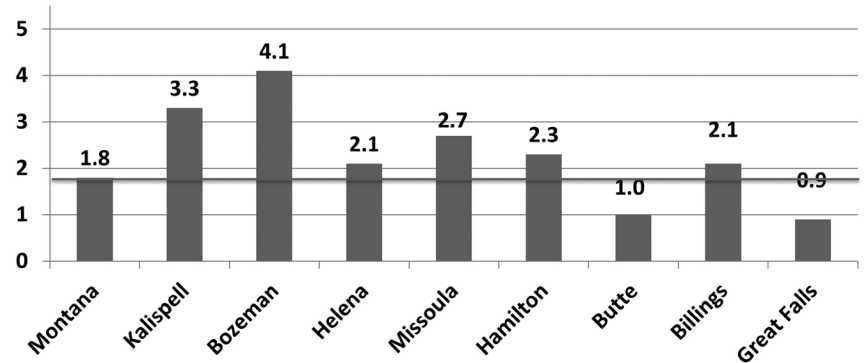
## Actual and Projected Change in Nonfarm Earnings, Hamilton Area, 2015-2022



# Selected Housing Characteristics

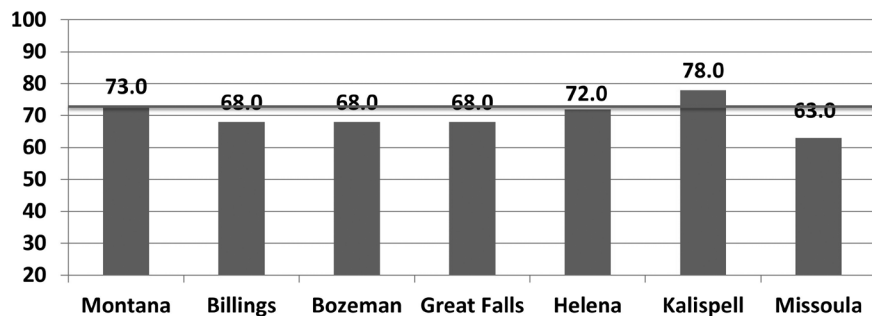
By Paul E. Polzin  
 Director Emeritus  
 Bureau of Business and Economic Research  
 University of Montana

## Projected Annual Percent Change in Nonfarm Earnings (in Constant Dollars) 2019-2022



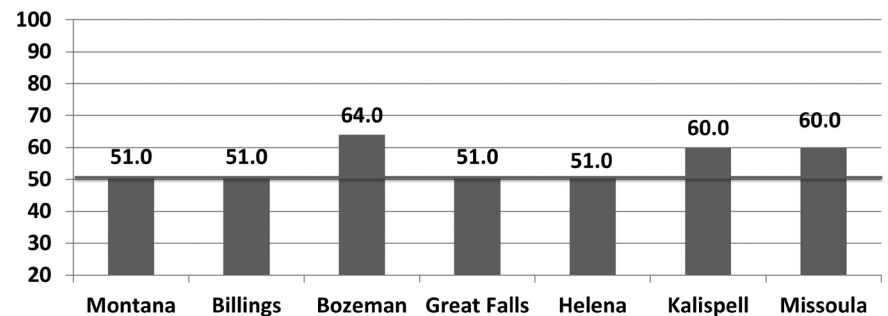
Source: IHS Global Insight and BBER

## Single Family Units as Percent of All Occupied Housing Units, 2017



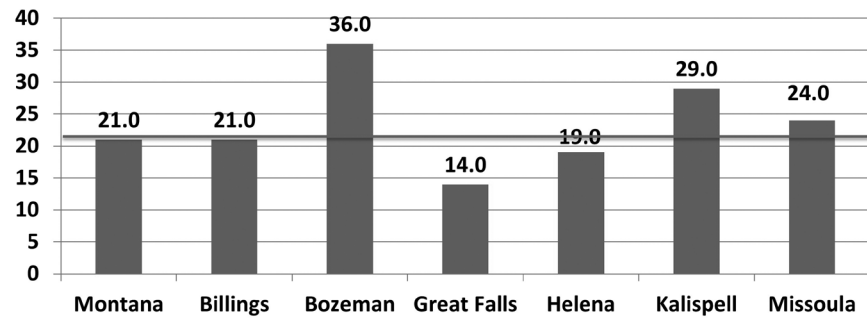
Source: U.S. Bureau of the Census, ACS

## Occupied in 2010 or Later, as Percent of All Occupied Housing Units, 2017



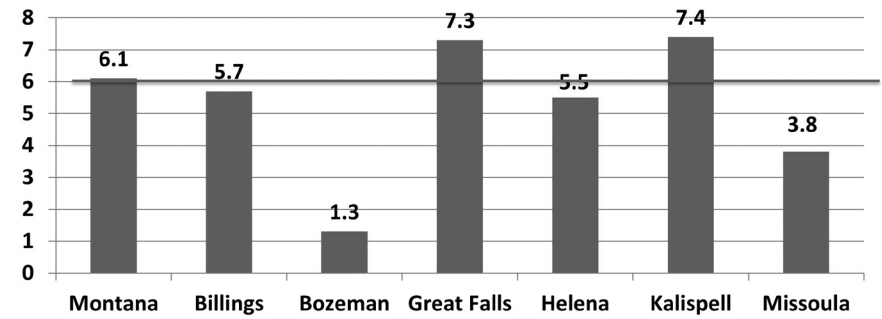
Source: U.S. Bureau of the Census, ACS

**Housing Units Built in 2000  
Or Later, as Percent  
of All Occupied Housing Units, 2017**



Source: U.S. Bureau of the Census, ACS

**Rental Vacancy Rate  
In Percent, 2017**



Source: U.S. Bureau of the Census, ACS

# 2019 Travel & Recreation Trends and Outlook

Norma P. Nickerson, Director & Jeremy Sage, Economist and Associate Director

Institute for Tourism and Recreation Research

W.A. Franke College of Forestry and Conservation

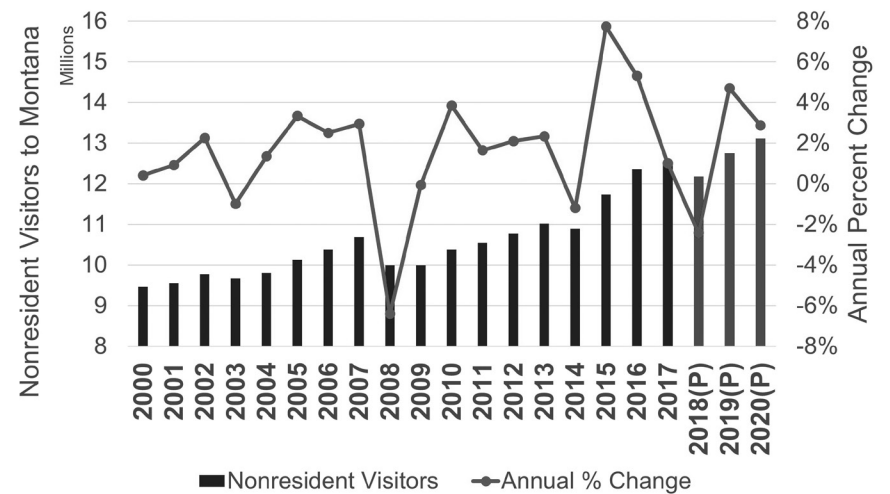
University of Montana

[www.itrr.umt.edu](http://www.itrr.umt.edu)

INSTITUTE FOR TOURISM & RECREATION RESEARCH UNIVERSITY OF MONTANA

MT Travel and Recreation

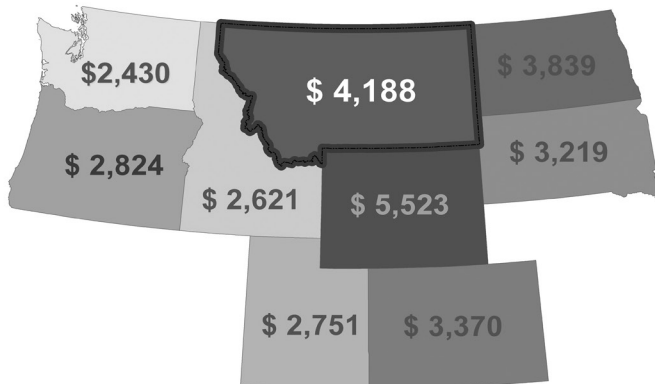
## Overall growth in visitor numbers



INSTITUTE FOR TOURISM & RECREATION RESEARCH UNIVERSITY OF MONTANA

MT Travel and Recreation

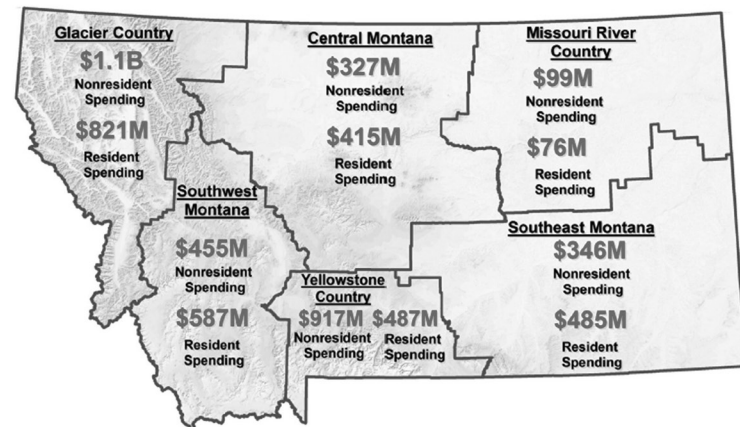
## Montana ranks second in per capita visitor spending in Western states



INSTITUTE FOR TOURISM & RECREATION RESEARCH UNIVERSITY OF MONTANA

MT Travel and Recreation

## Travelers spend money in all corners of the state.

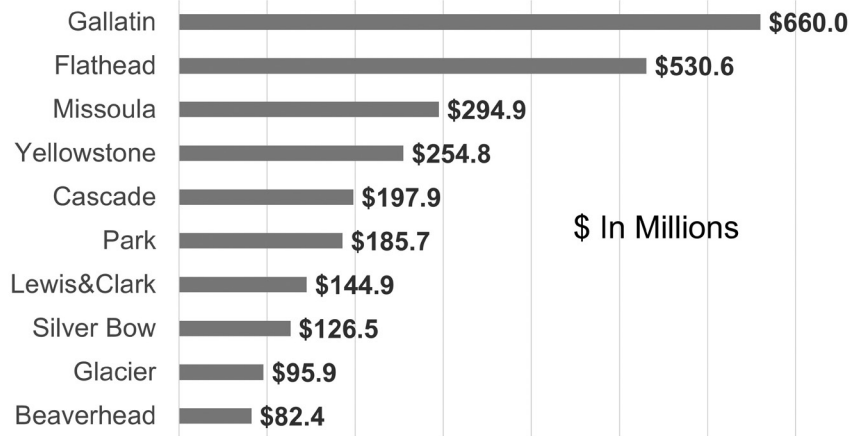


**\$3.36 billion in spending. \$4.7 billion in full economic.**  
Supported **53,380 jobs**. **\$1.6 billion** in associated labor income.

INSTITUTE FOR TOURISM & RECREATION RESEARCH UNIVERSITY OF MONTANA

MT Travel and Recreation

## Nonresident Spending/County



INSTITUTE FOR  
**TOURISM & RECREATION RESEARCH**  
UNIVERSITY OF MONTANA

MT Travel and Recreation

## 2018 Summer Visitors – local to state visitation

### LOCAL

### STATE

5.16 nights in Montana

Group size = 2.41

#### Top three residences

11% Washington

7% Idaho

6% California

11% flew into Montana

7% hired an outfitter

INSTITUTE FOR  
**TOURISM & RECREATION RESEARCH**  
UNIVERSITY OF MONTANA

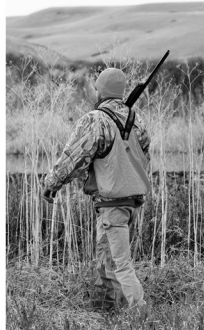
MT Travel and Recreation

## Local Entrepreneurs - Outfitting & Guiding

**\$76.7 million in revenue for fishing outfitters**



**\$55.3 million in revenue for hunting outfitters**



**\$51 million in revenue for rafting/ floating/ canoeing/kayaking outfitters**



INSTITUTE FOR  
**TOURISM & RECREATION RESEARCH**  
UNIVERSITY OF MONTANA

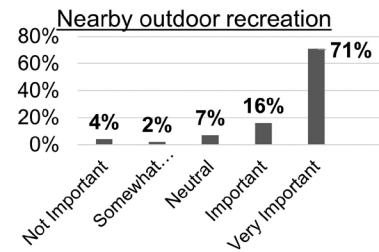
MT Travel and Recreation

## Local Impact of trails on communities

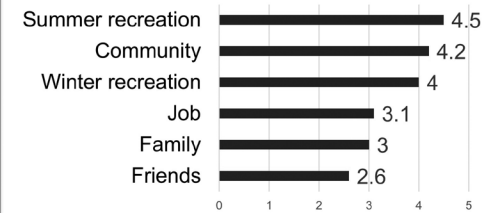
**Helena:** \$4.3 million in output from nonresidents on Helena trails.

**Whitefish:** \$6.4 million in annual spending by trail users (local & nonlocal).

### Important to Helena residents...



### Why did you move or stay in Whitefish?



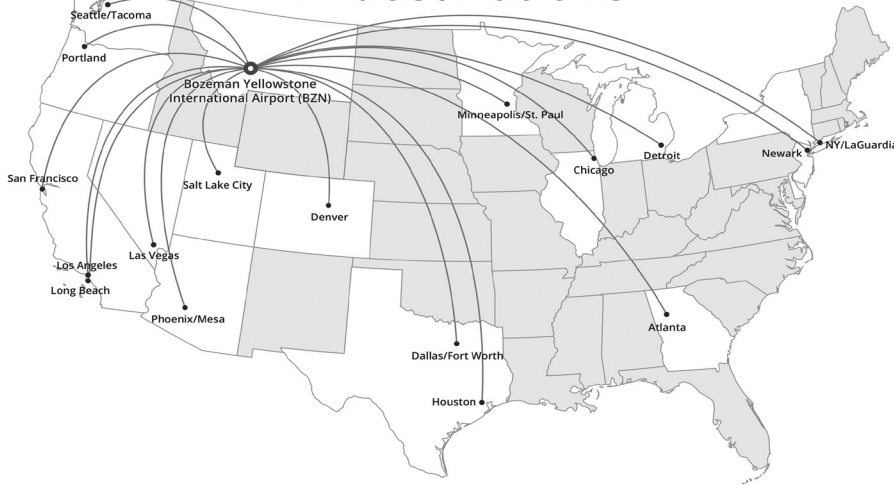
1= not important; 5=very important

INSTITUTE FOR  
**TOURISM & RECREATION RESEARCH**  
UNIVERSITY OF MONTANA

MT Travel and Recreation



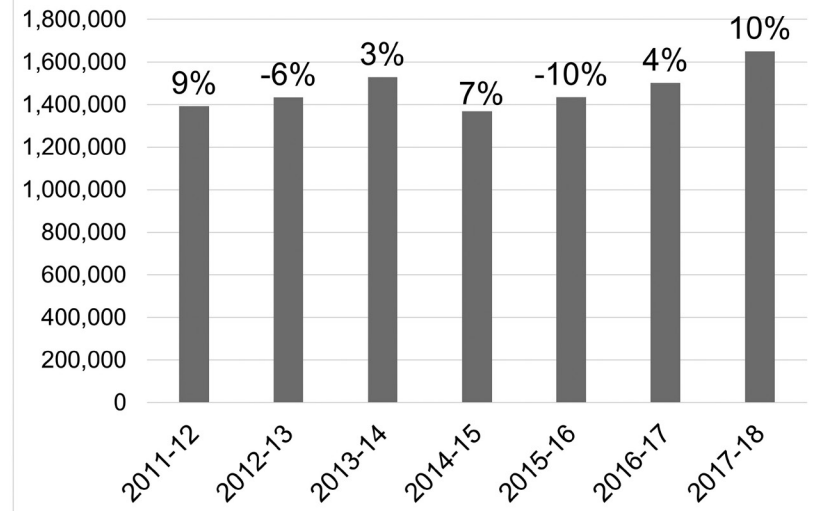
## BZN Route map 2019: 14 states, 17 destinations



INSTITUTE FOR  
**TOURISM & RECREATION RESEARCH**  
UNIVERSITY OF MONTANA

MT Travel and Recreation

## Ski Area Visits



INSTITUTE FOR  
**TOURISM & RECREATION RESEARCH**  
UNIVERSITY OF MONTANA

MT Travel and Recreation

## Glacier NP down 11% in 2018, but...

- May +10%
- Sept. +12%
- Oct. + 9%

## Yellowstone NP down 6% in 2018, but...

- May + 6%
- Sept. +13%
- Oct. + 3%

INSTITUTE FOR  
**TOURISM & RECREATION RESEARCH**  
UNIVERSITY OF MONTANA

MT Travel and Recreation

## Does Infrastructure Development Help the Economy?

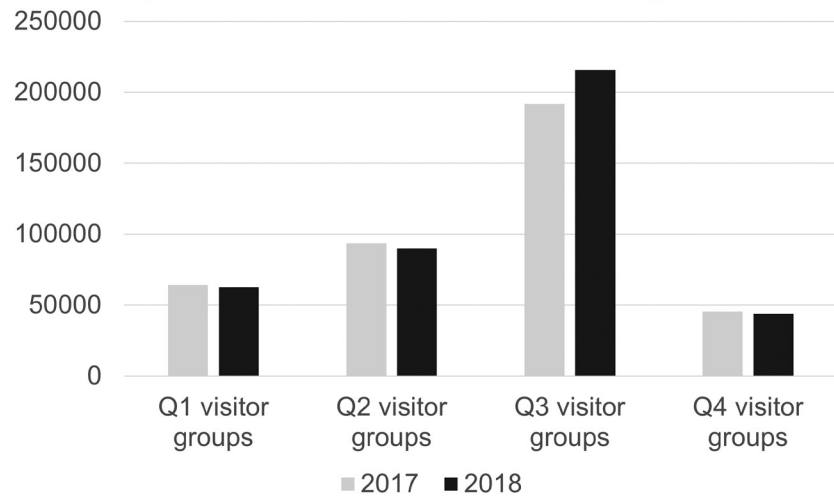
Research before and after development in Gardiner showed:

- Visitor spending increased by \$69.48/day.
- Visitors stayed longer – especially to visit Gardiner attractions and for rafting.
- 68% of Gardiner image variables showed positive growth.

INSTITUTE FOR  
**TOURISM & RECREATION RESEARCH**  
UNIVERSITY OF MONTANA

MT Travel and Recreation

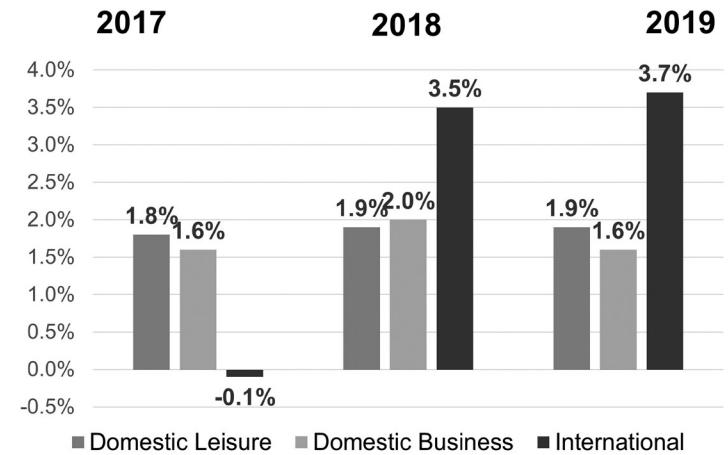
## Short Term Rentals: Impacts on Affordable Housing in MT



INSTITUTE FOR  
**TOURISM & RECREATION RESEARCH**  
UNIVERSITY OF MONTANA

MT Travel and Recreation

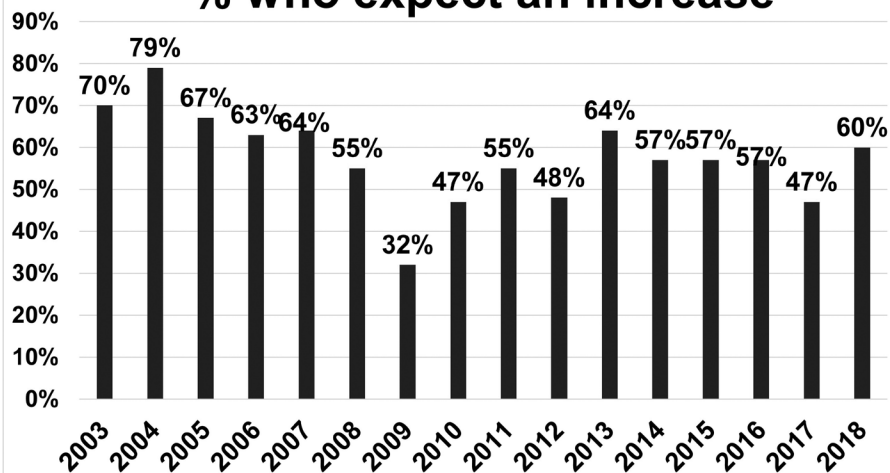
## National Travel Outlook



INSTITUTE FOR  
**TOURISM & RECREATION RESEARCH**  
UNIVERSITY OF MONTANA

MT Travel and Recreation

## MT Tourism Business Owners % who expect an increase



INSTITUTE FOR  
**TOURISM & RECREATION RESEARCH**  
UNIVERSITY OF MONTANA

MT Travel and Recreation

## Thank you!

For more information contact:

Norma Nickerson, [norma.Nickerson@umontana.edu](mailto:norma.Nickerson@umontana.edu)

OR

Jeremy Sage, [Jeremy.sage@umontana.edu](mailto:Jeremy.sage@umontana.edu)

[www.itrr.umt.edu](http://www.itrr.umt.edu)

INSTITUTE FOR  
**TOURISM & RECREATION RESEARCH**  
UNIVERSITY OF MONTANA

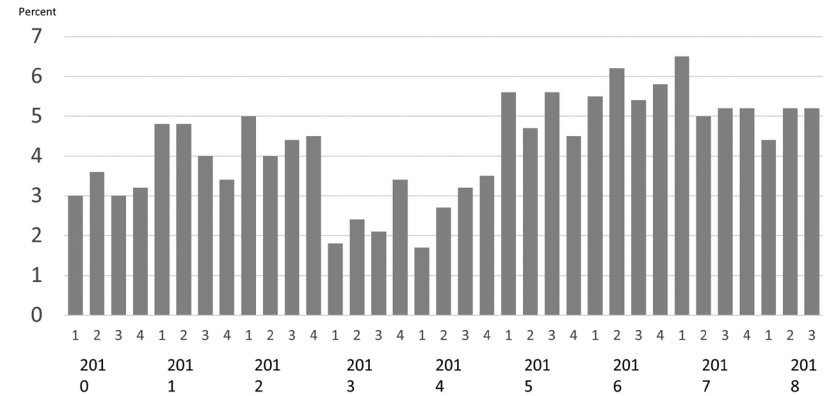
MT Travel and Recreation

## The Outlook for Health Care in Montana

Robert Sonora, Associate Director  
Bureau of Business and Economic Research  
University of Montana

## Health Care: Growth is Back

Year over Year Growth in Health Services Spending by Quarter, 2010-18

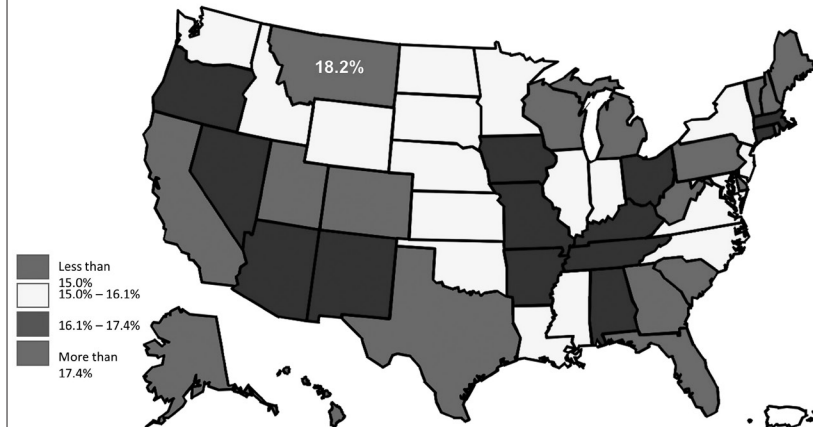


Source: Kaiser Family Foundation

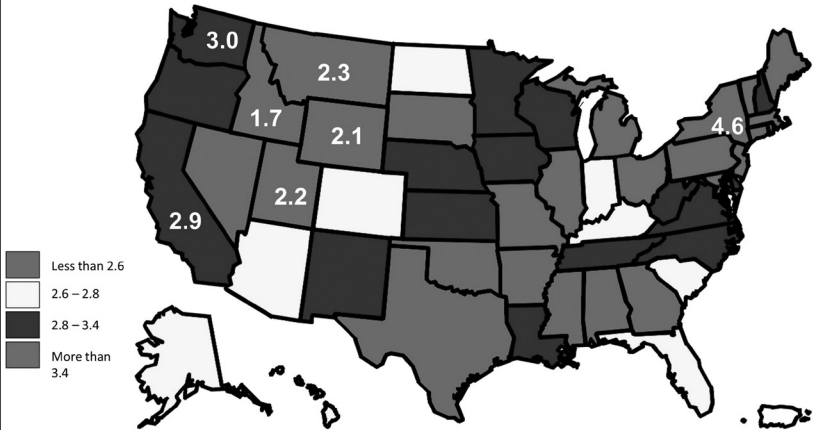
## Health Care: Growth is Back

- Premiums, deductibles, co-pays all rising rapidly
- Usage, not prices, appears to be the primary cost driver of late
- The uninsured rate has come down dramatically
- Market concentration in health care is rising
- The big story in Montana has been Medicaid Expansion

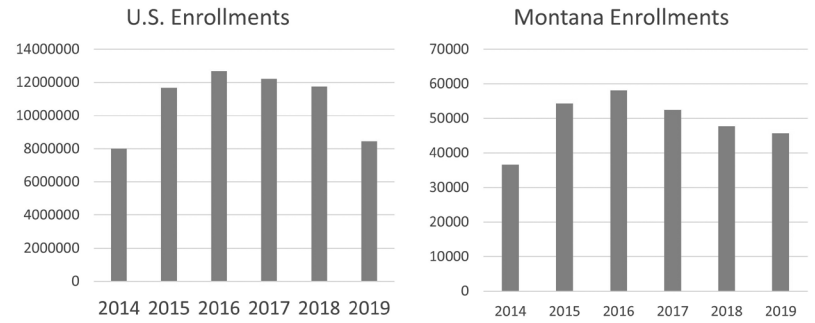
### Montana Has a High Population Aged 65+



### Active Doctors Per 1,000 Population

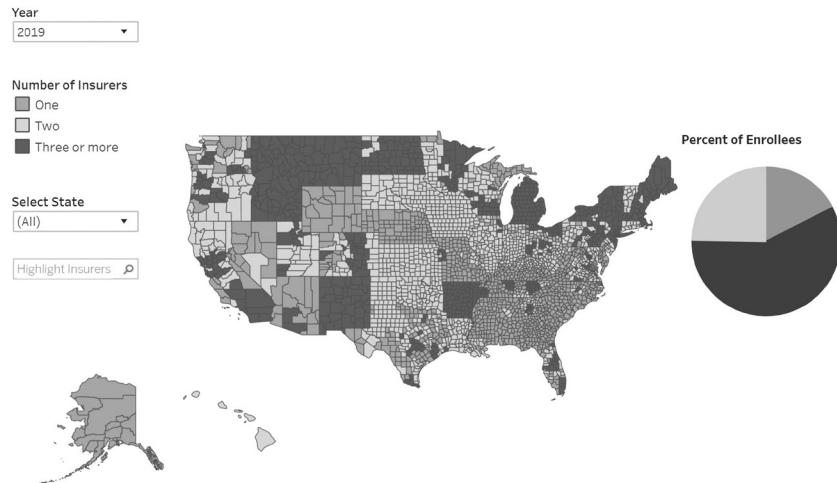


### ACA Exchange Enrollments More Stable in Montana



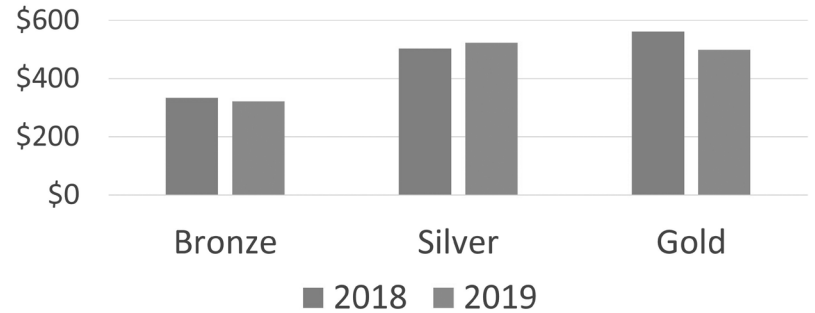
Source: Kaiser Family Foundation

### Insurer Participation on ACA Marketplaces, 2014-2019



### Premium Growth on Exchanges Was Minimal

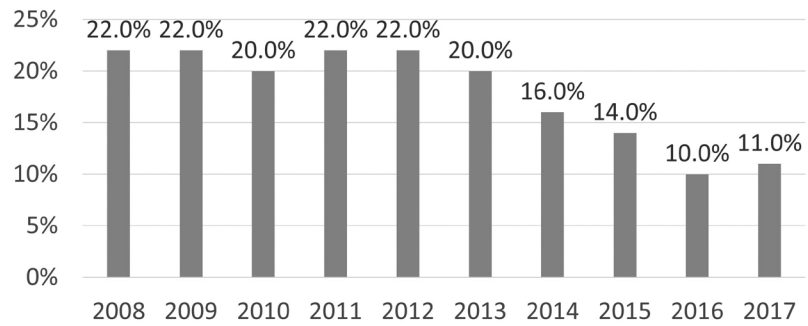
Monthly Premium Before Tax Credit, 40-year Old Nonsmoker, Billings



Source: Kaiser Family Foundation

## The ACA and Medicaid Expansion Have Reduced the Uninsured Population Aged 0-64 Dramatically

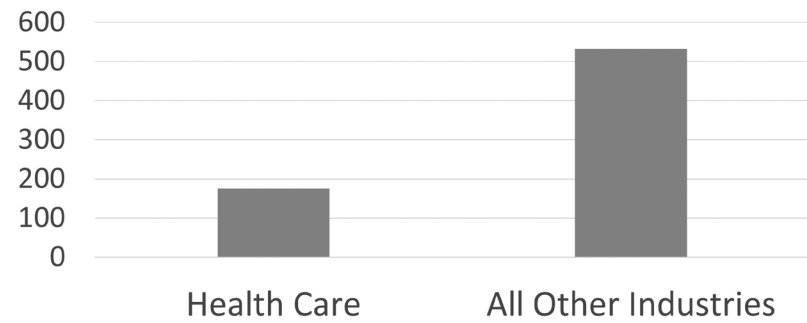
Percent of Montana Population Aged 0-64 With No Health Insurance



Source: Census Bureau American Community Survey

## Health Care Contributed More to Growth Than Any Other Industry in 2017

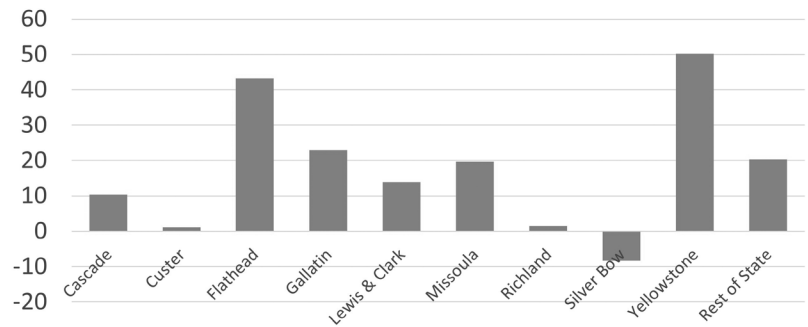
Inflation-Corrected Earnings Growth, 2016-17, Montana, \$ Millions



Source: U.S. Bureau of Economic Analysis

## Health Care Earnings Growth in Billings and Kalispell Were Strongest in 2017

Growth in Health Care Earnings, 2016-17, \$Millions



Source: U.S. Bureau of Economic Analysis

# Montana Energy Good News – and Challenges

Dr. Bill Whitsitt  
Executive-in-Residence  
Bureau of Business and Economic Research



1

What one thing about energy is most important to you?

1. Go to [pollev.com/bber297](http://pollev.com/bber297) to respond
- or,
2. Text BBER297 to 22333 once to join  
Then text your response.

What one thing about energy is most important to you?

In your daily life, what one primary source of energy does it seem you most depend on?

# The context

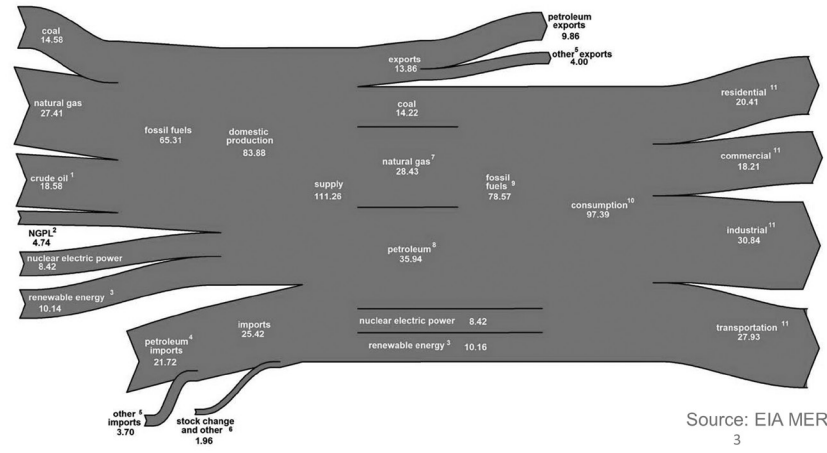
## America is approaching energy independence



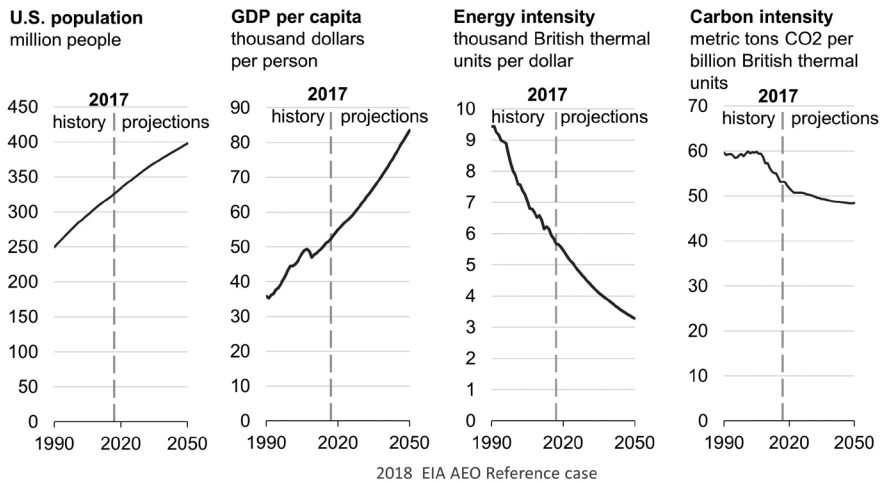
5

# U.S. energy flows

## ...show production near 90% of consumption



# Its an energy revolution... for consumers



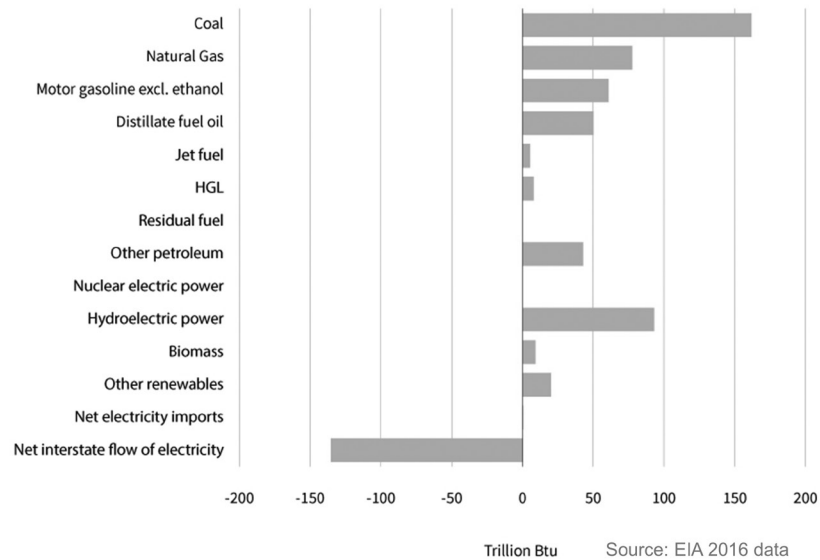
# Montana energy is about:



- Abundant, diverse resources
- Reliability
- Use and costs
- Economic contributions
- Changing demand dynamics and renewables integration

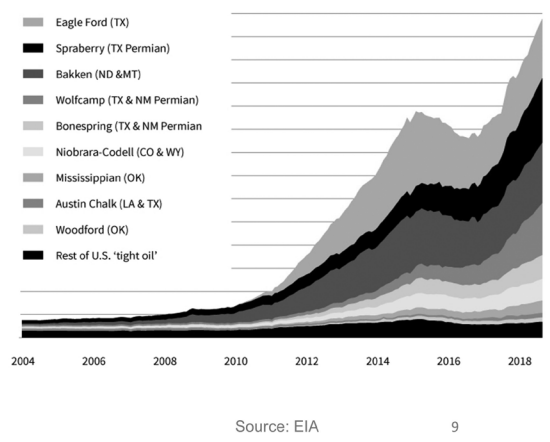


# Montana energy use



8

# Shale revolution continues *Tight oil plays more efficient*



### Bakken Breakeven

Estimates – selected counties

- Dunn \$ 11
- Mckenzie\* \$ 12
- Mountrail \$ 12
- Burke \$ 46
- Golden Valley \$ 100

ND Statewide \$ 13  
3Q 2018 NDIC DMR 11/16/18

9

# Shale revolution

*Technology and efficiency are key*

- Big data
- Downhole sensors
- Fiber optic communication
- Remote, centralized, monitoring
- AI
- Immediate adjustments
- Drilling accuracy and rig efficiency
- Fracture improvements
- Better water handling and re-use



= Lower costs

11

# Oil & natural gas in Montana

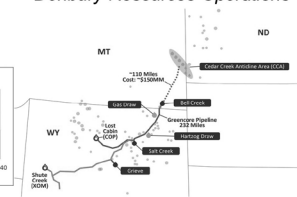
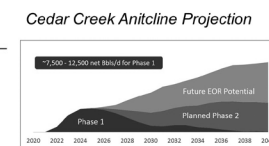
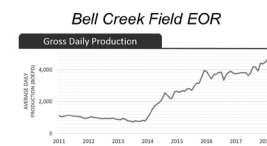
*Signs of optimism and stability*

*Production still down, but with movement*

*Increased investment interest*

*Including for enhanced recovery...*

Denbury Resources Operations

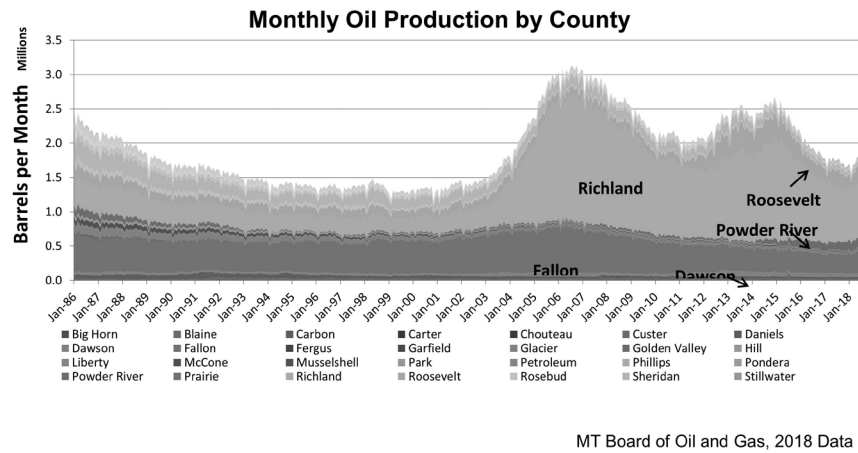


*Communities seeing improvements*

12



# Montana oil & gas (cont'd)...



13

# Montana oil & gas (cont'd)...

59 new-well permits by 12/18  
35 in all of 2017

Increased investment interest  
Montana in top ten E&P places

Communities seeing improvements

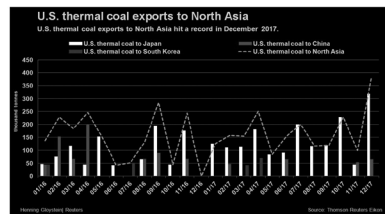
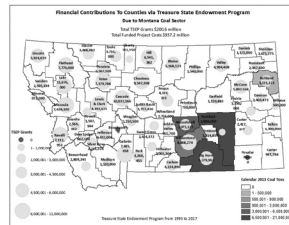
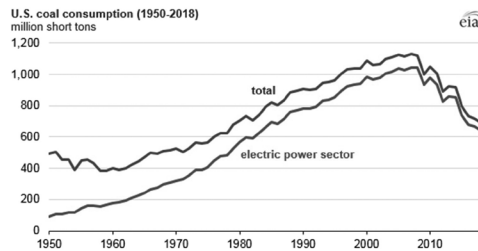


14

# Coal in Montana Challenges for a key sector

Markets

U.S declines, global increases



15

# Montana coal (cont'd)...

Production up in 2018  
On pace for +3-million tons?

Critical future factors: demand & competition, infrastructure, politics



16

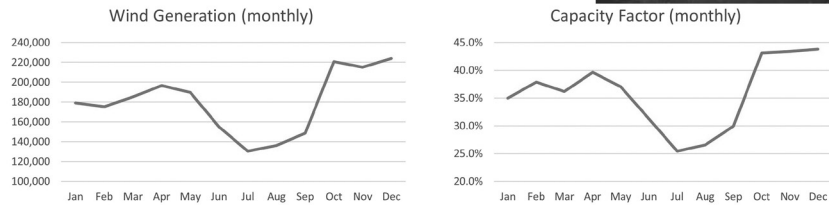
# Renewables in Montana

Exceptional hydro  
*Montana 5<sup>th</sup> in production*



Energy Information Administration, Electric  
 by Table 1.10.B, February 2018, preliminary

Excellent wind potential  
*Growth in capacity; questions*



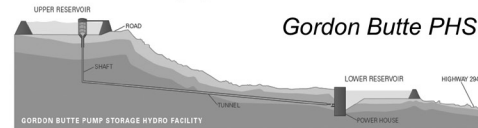
WindAction: 2017 MT EIA Data

# Montana renewables (cont'd)...

Solar and biomass niches



Storage, integration, transmission, challenges and opportunities



Montana Energy...  
*It's about meeting the challenges*

Thank you



# Montana's Wood Products, National Forests & Affordable Housing

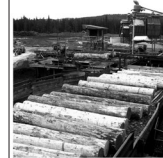
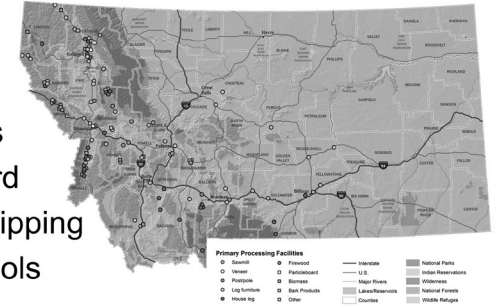
Todd A. Morgan, CF



Forest Industry & Wood Products

# Montana's Wood Products Facilities

- ~140 establishments
- ~80 timber users
- 8 larger, 20+ small sawmills
- Plywood, MDF, particleboard
- Log homes, post & pole, chipping
- Pellets, bark, fuels-for-schools

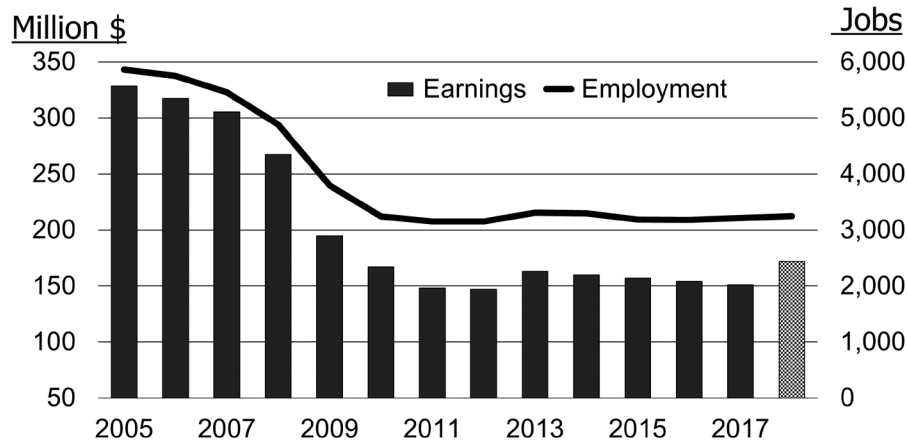


- Mostly small, privately held
- Most don't own forest land
- Nearly all rely on some timber from public lands



Forest Industry & Wood Products

# Montana Wood Products Manufacturing



Sources: Bureau of Economic Analysis, Western Wood Products Association, BBER. \*2018 Estimated.



Forest Industry & Wood Products

# Montana Forest Industry (Private Sector)

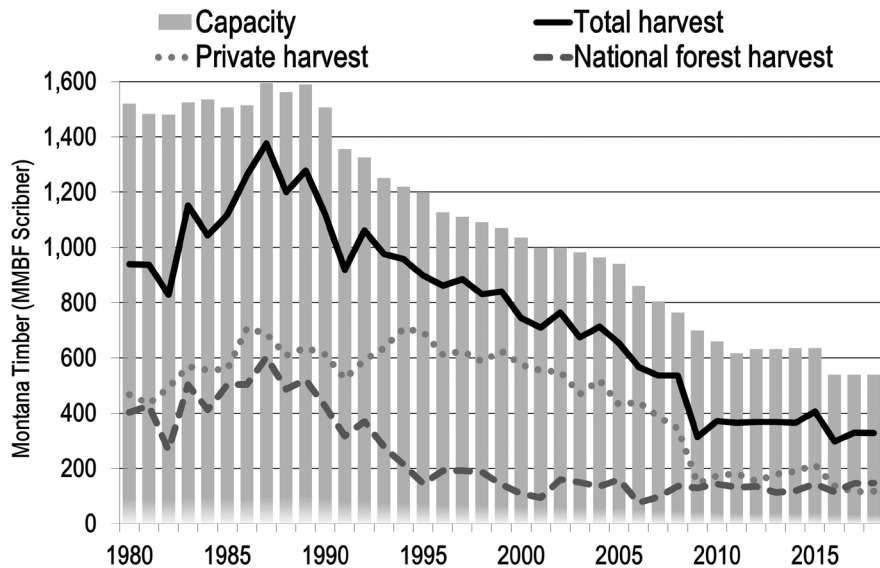
	2004	2010	2017
<b>Workers (mills &amp; forest)</b>	<b>10,006</b>	<b>7,030</b>	<b>7,732</b>
<b>Earnings (millions)</b>	<b>\$489</b>	<b>\$294</b>	<b>\$341</b>
<b>Primary sales (millions)</b>	<b>\$1,518</b>	<b>\$497</b>	<b>\$569</b>
<b>Lumber production (MMBF)</b>	<b>985</b>	<b>503</b>	<b>480</b>

Sources: Bureau of Economic Analysis, Western Wood Products Association, BBER.



Forest Industry & Wood Products

## Montana Timber Capacity & Harvest, 1980-2018



## Montana Forests & Timber

**25.9 million acres**

**19.8 million acres of timberland**

### National Forests

61% of timberland

76% of timber volume

20-25% of annual harvest

60% of burned forest area

80% of insect impact area

County	Forest acres (thousand)	National Forest
Cascade	332	53%
Flathead	2,794	63%
Gallatin	902	66%
Lewis & Clark	1,391	71%
Lincoln	2,182	80%
Missoula	1,410	51%
Ravalli	1,192	88%
Silver Bow & Deer Lodge	534	63%
Yellowstone	143	0%
<b>All counties</b>	<b>25,912</b>	<b>60%</b>

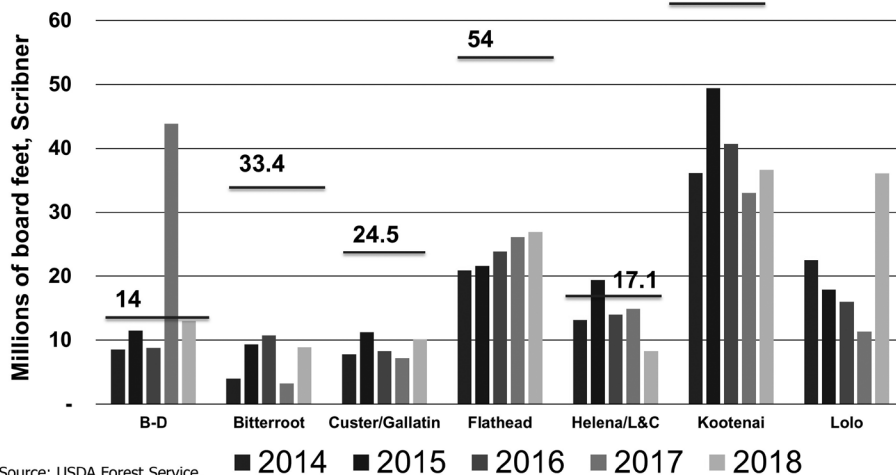
Source: USDA Forest Service, FIA Program



Forest Industry & Wood Products

## National Forests in Montana

Cut Volume & Allowable Cut

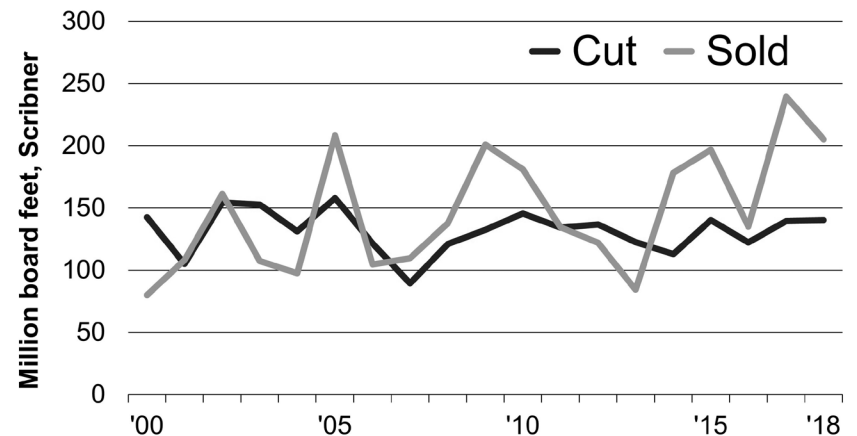


Source: USDA Forest Service.



Forest Industry & Wood Products

## National Forests in Montana



Source: USDA Forest Service.



Forest Industry & Wood Products

# Affordable Housing & Wood Products

## The Five Ls impacting housing supply

- Labor
- Lots
- Lending
- Laws
- Lumber

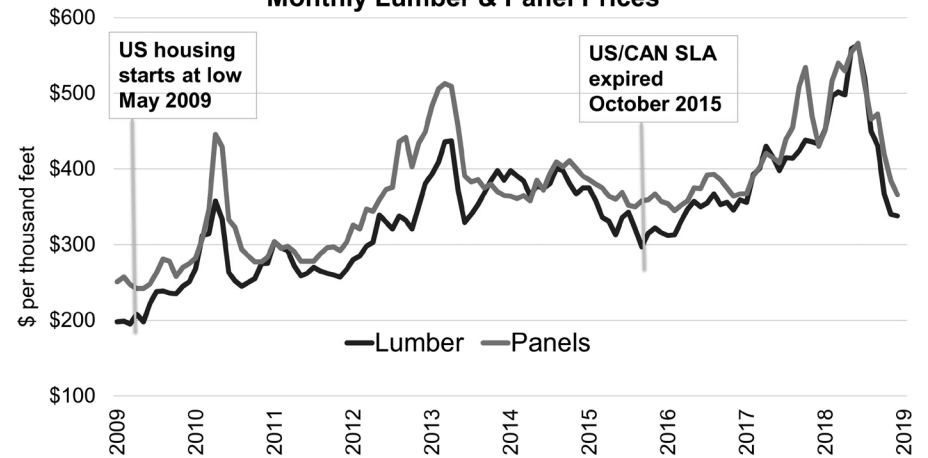
Source: National Association of Homebuilders.



Forest Industry & Wood Products

# Affordable Housing & Wood Products

Monthly Lumber & Panel Prices



Source: Random Lengths.



Forest Industry & Wood Products

## Example New Single-Family Home Price & Construction Costs, 2017

**Sale price: \$427,892**

2,700 sq ft house; 11,300 sq ft lot

**Construction cost: \$237,760**

• <b>Construction cost</b>	55.6%	• Site work	6.7%
• Finished lot cost	21.5%	• Foundation	10.8%
• Profit	10.7%	• <b>Framing</b>	17.3%
• Overhead expenses	5.1%	• <b>Exterior finishes</b>	13.9%
• Sales commission	4.1%	• Major systems	13.8%
• Financing cost	1.8%	• <b>Interior finishes</b>	28.6%
• Marketing cost	1.2%	• Final steps	7.0%
		• Other	2.0%

**Lumber & other wood materials estimated at \$12,000 to \$16,000 for 2,700 sq ft home = 5 to 6.5% of construction cost.**

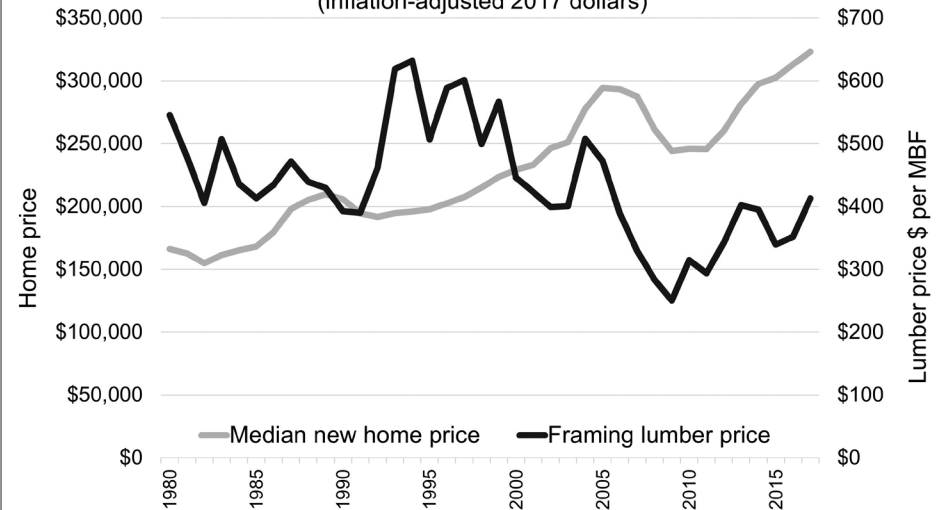
Source: National Association of Homebuilders and BBER.



Forest Industry & Wood Products

## Median U.S. new home price & lumber price, 1980-2017

(inflation-adjusted 2017 dollars)

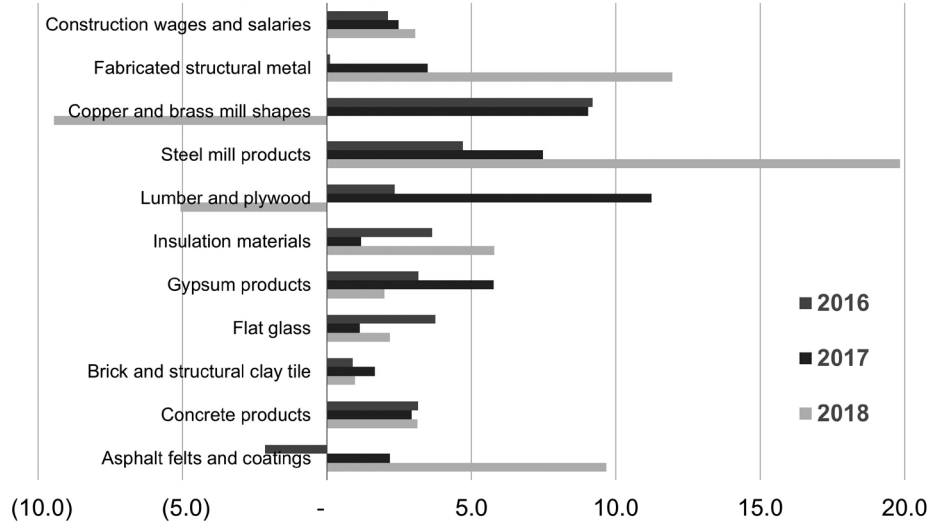


Sources: US Census Bureau and Random Lengths.



Forest Industry & Wood Products

## Percentage Changes of Construction Input Costs



Sources: US Bureau of Labor Statistics and Association of General Contractors of America.



Forest Industry & Wood Products

## Affordable Housing & Wood Products

### Wood use in construction

- Costs of nearly all inputs to construction have been rising since 2015.
- Two-thirds of lumber & over 85% of structural panels are used in construction.
- Wood is a **renewable** construction material and **stores carbon** long term.

Source: U.S. Forest Products Lab.

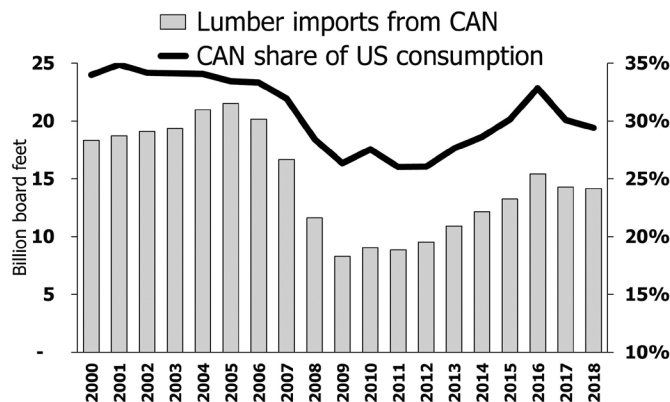


Forest Industry & Wood Products

## Canadian Lumber

### Volume & share of US market down in '17 & '18

- Tariffs & CAN mills in US are having an impact.
- Bark beetles & fires reduced BC timber & lumber supply.
- Eastern CAN expected to increase lumber as BC declines.



Forest Industry & Wood Products

## Montana's Forest Industry & Wood Products Outlook

### Issues impacting the industry in 2019

- Broader US economy
- Homebuilding & interest rates
- Softwood lumber & other trade issues
- Good Neighbor Authority (GNA) projects
- Wildfires & weather
- Labor



Forest Industry & Wood Products

# Thank you!

**todd.morgan@business.umt.edu**  
**www.BBER.umt.edu/FIR**



Forest Industry & Wood Products

# The Outlook for Real Estate and Construction

Brandon Bridge  
Economist and Director of Forecasting  
Bureau of Business and Economic Research  
University of Montana



Real Estate and Construction

## Will the continued growth last?

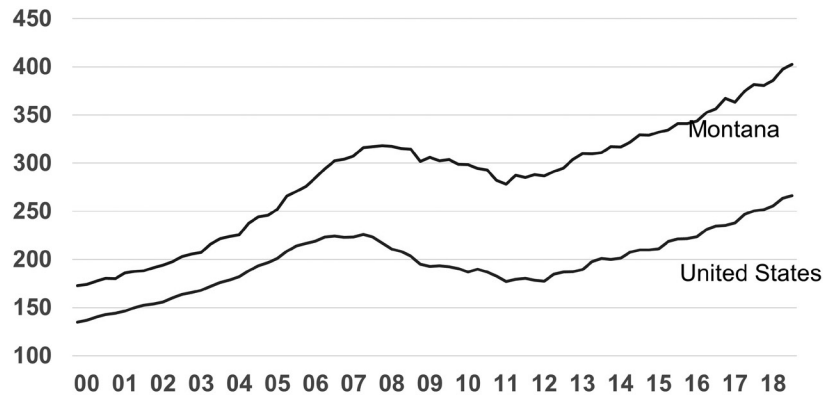
- Strong volumes
- Steady price increases
- Uptick in construction
- Volumes tapering off
- National economic slowdown?
- Real estate risk growing



Real Estate and Construction

### Strong Housing Price Growth Since 2011

FHFA Housing Price Index, U.S., 1991=100



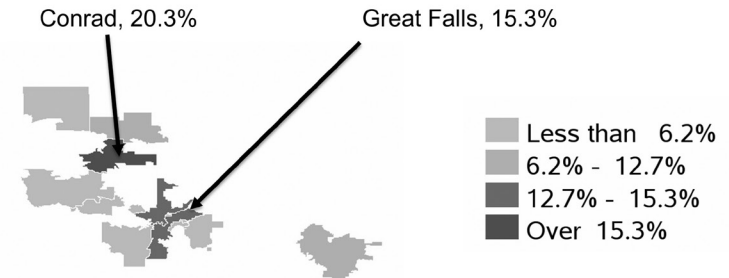
Source: Federal Housing Finance Agency,



Real Estate and Construction

### Price Growth in Great Falls Region is More Restrained

Percent Growth in Housing Price Index by Zip Code Since 2012



Source: Federal Home Finance Agency

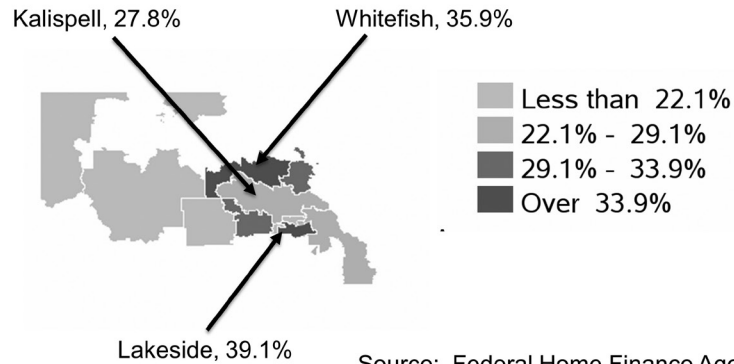


Real Estate and Construction



### Lakeside Pacing Price Growth in Northwest Montana

Percent Growth in Housing Price Index by Zip Code Since 2012



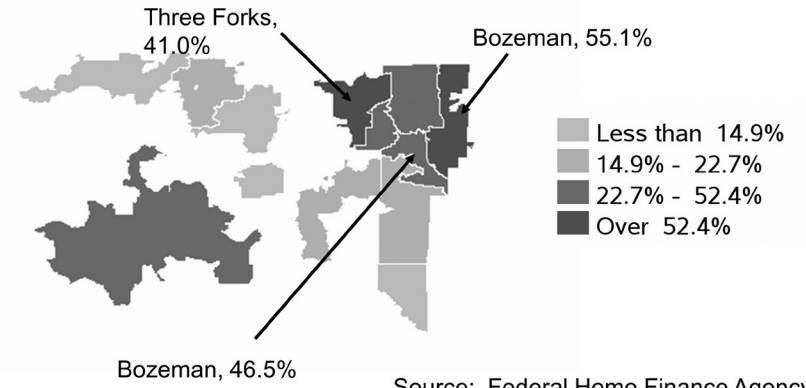
Source: Federal Home Finance Agency



Real Estate and Construction

### Bozeman Leading the State in Price Appreciation

Percent Growth in Housing Price Index by Zip Code Since 2012



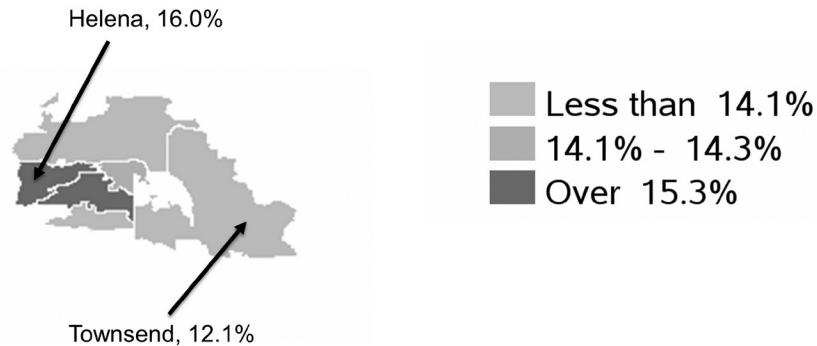
Source: Federal Home Finance Agency



Real Estate and Construction

### Price Growth More Restrained in Helena

Percent Growth in Housing Price Index by Zip Code Since 2012



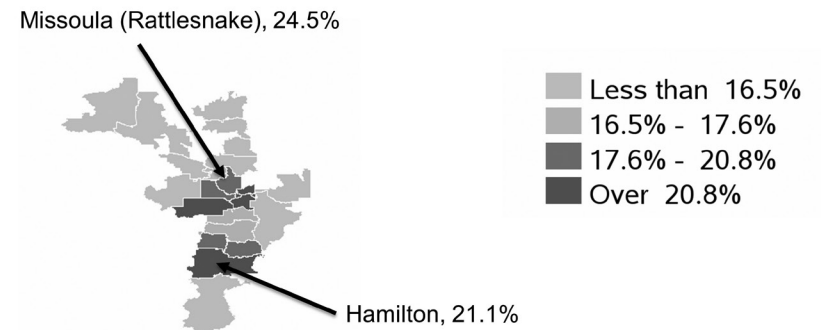
Source: Federal Home Finance Agency



Real Estate and Construction

### Rattlesnake Leading Price Appreciation in Missoula Region

Percent Growth in Housing Price Index by Zip Code Since 2012



Source: Federal Home Finance Agency



Real Estate and Construction

## Billings Home Prices Slow and Steady Climb

Percent Growth in Housing Price Index by Zip Code Since 2012



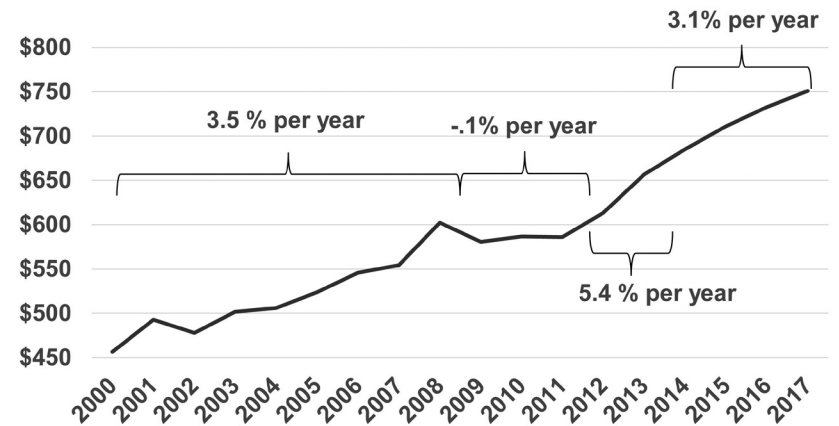
Source: Federal Home Finance Agency



BUREAU OF BUSINESS AND  
ECONOMIC RESEARCH  
UNIVERSITY OF MONTANA

Real Estate and Construction

## Slight Moderation in Rents



Montana Residential Rent, Inflation Adjusted (2014\$)

Source: U.S. Census Bureau.

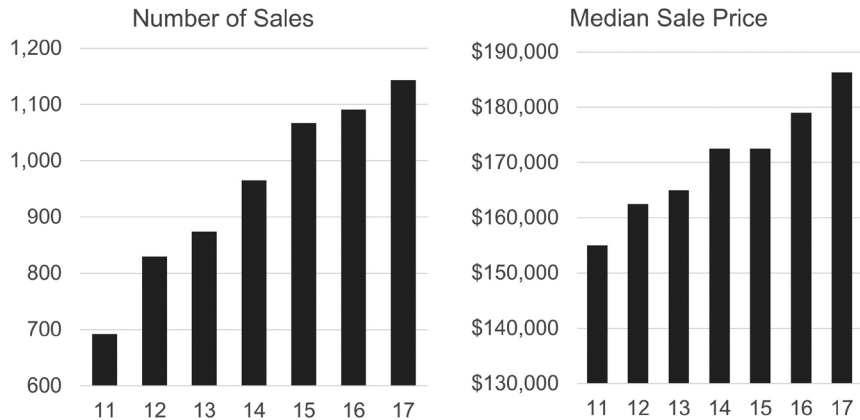


BUREAU OF BUSINESS AND  
ECONOMIC RESEARCH  
UNIVERSITY OF MONTANA

Real Estate and Construction

## Markets Looking Healthier

Cascade County Market Statistics



Source: Montana Department of Revenue.

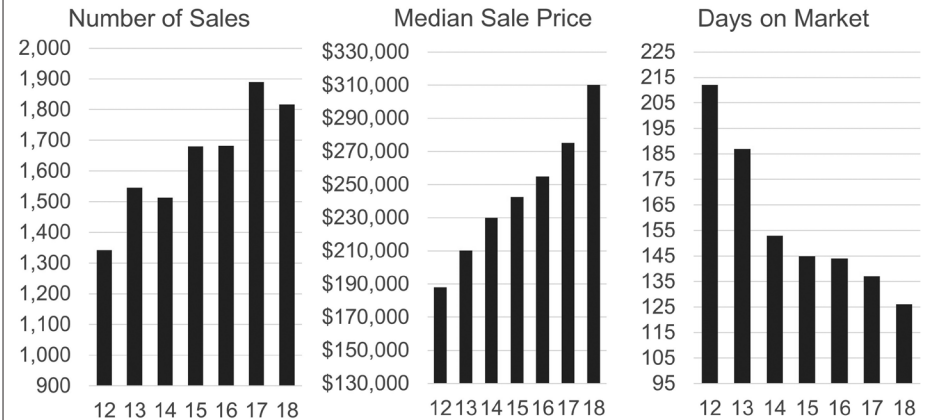


BUREAU OF BUSINESS AND  
ECONOMIC RESEARCH  
UNIVERSITY OF MONTANA

Real Estate and Construction

## Markets Looking Healthier

Flathead County Market Statistics



Source: Montana Regional MLS.

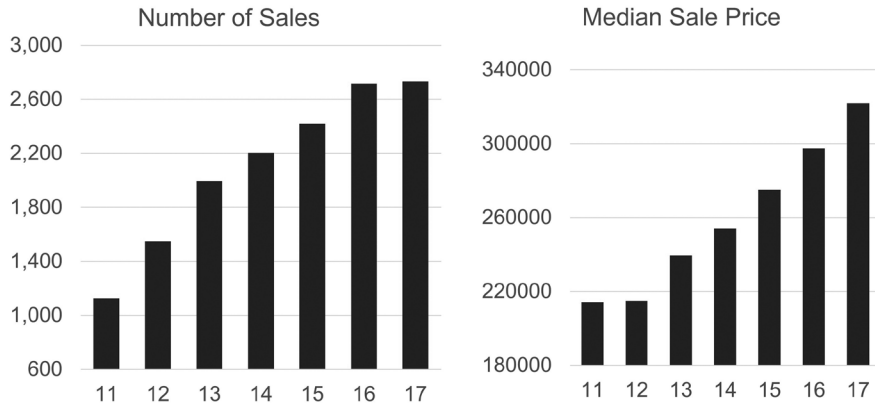


BUREAU OF BUSINESS AND  
ECONOMIC RESEARCH  
UNIVERSITY OF MONTANA

Real Estate and Construction

# Volumes Taper Slightly in Gallatin County

Gallatin County Market Statistics for Single Family Homes



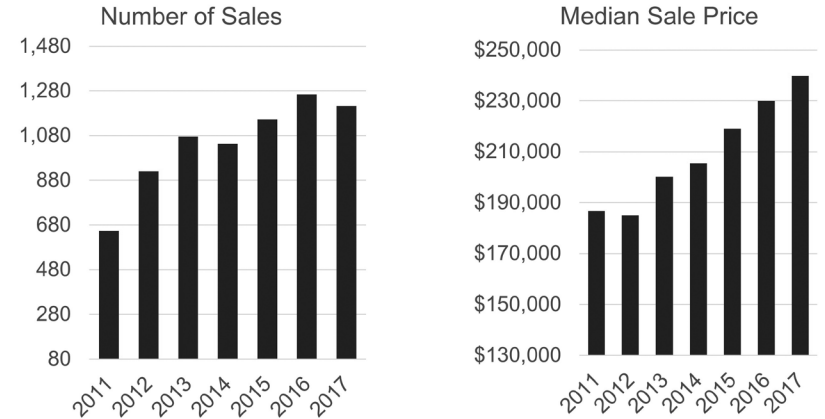
Source: Montana Department of Revenue.



Real Estate and Construction

# Sale Price Growth

Lewis and Clark County Market Statistics



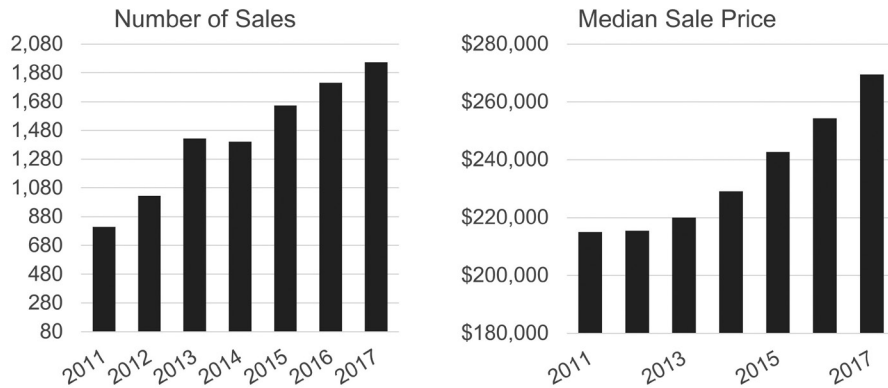
Source: Montana Department of Revenue.



Real Estate and Construction

# Sale Price Growth

Missoula County Market Statistics



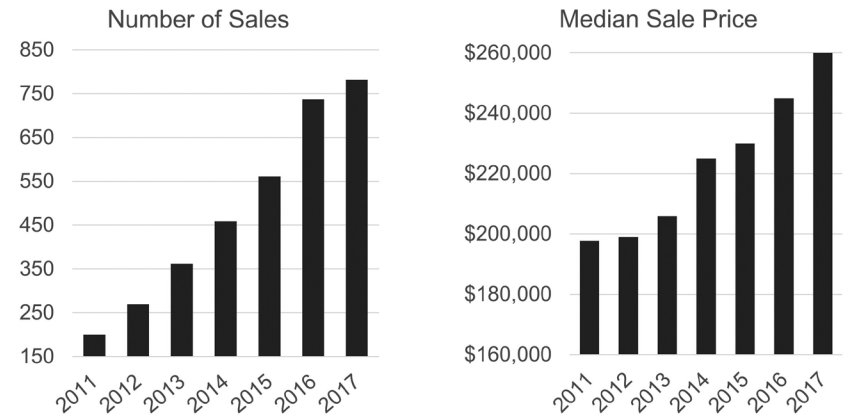
Source: Montana Department of Revenue.



Real Estate and Construction

# Markets Looking Healthier

Ravalli County Market Statistics



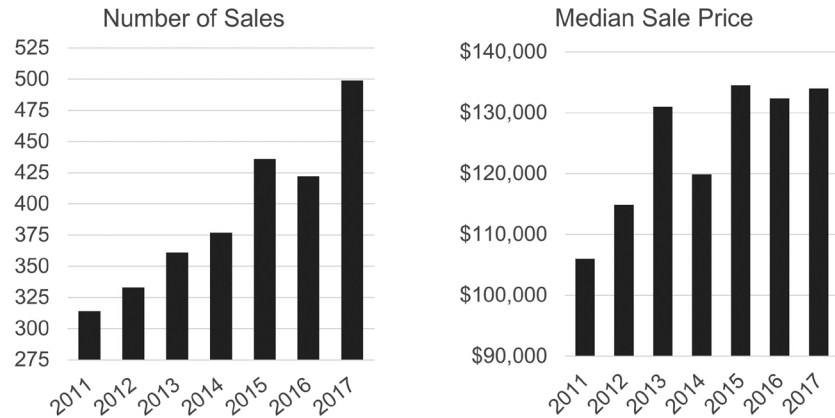
Source: Montana Department of Revenue.



Real Estate and Construction

# Markets Looking Healthier

Silver Bow County Market Statistics



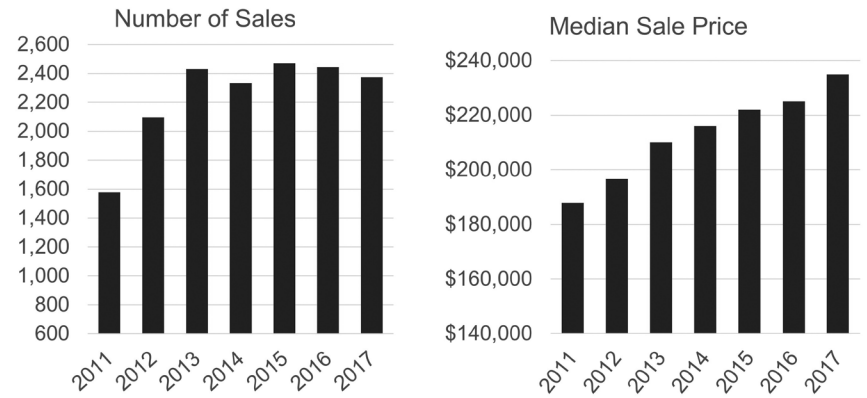
Source: Montana Department of Revenue.



Real Estate and Construction

# Sale Price Growth

Yellowstone County Market Statistics

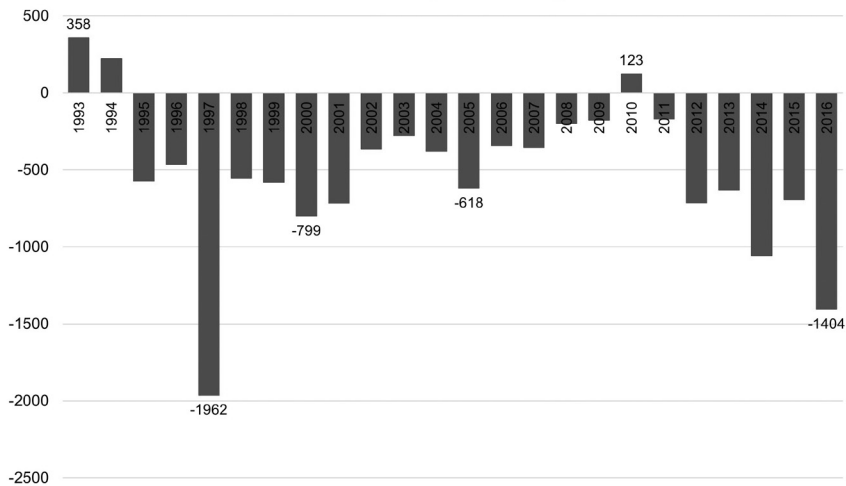


Source: Montana Department of Revenue



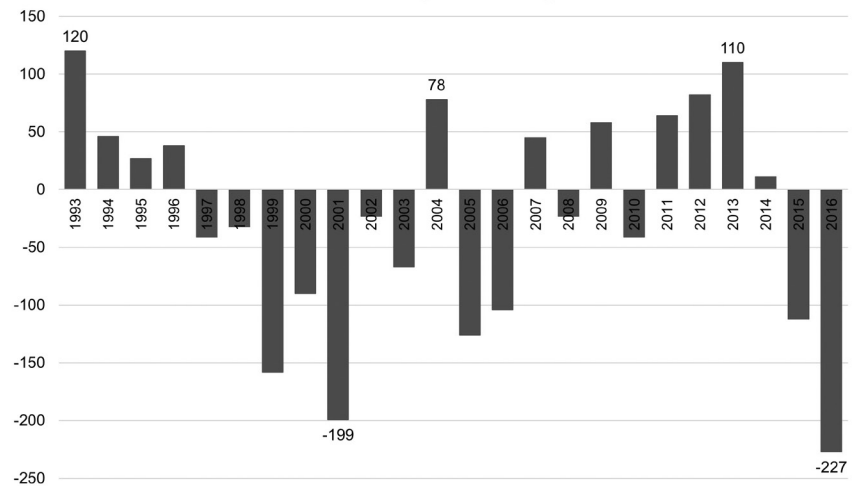
Real Estate and Construction

# Cascade County Net Migration



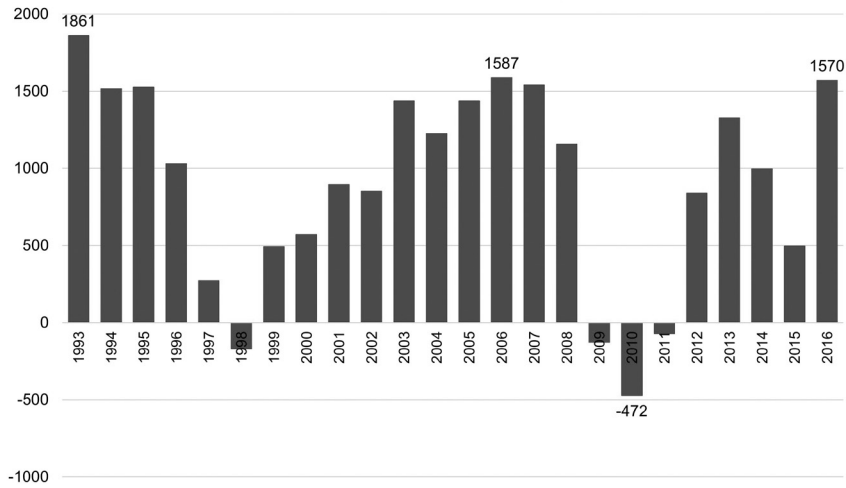
Real Estate and Construction

# Custer County Net Migration



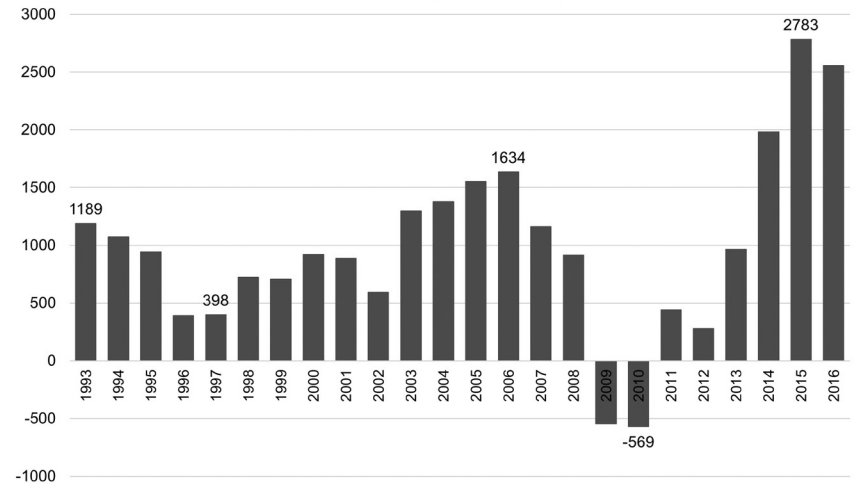
Real Estate and Construction

### Flathead County Net Migration



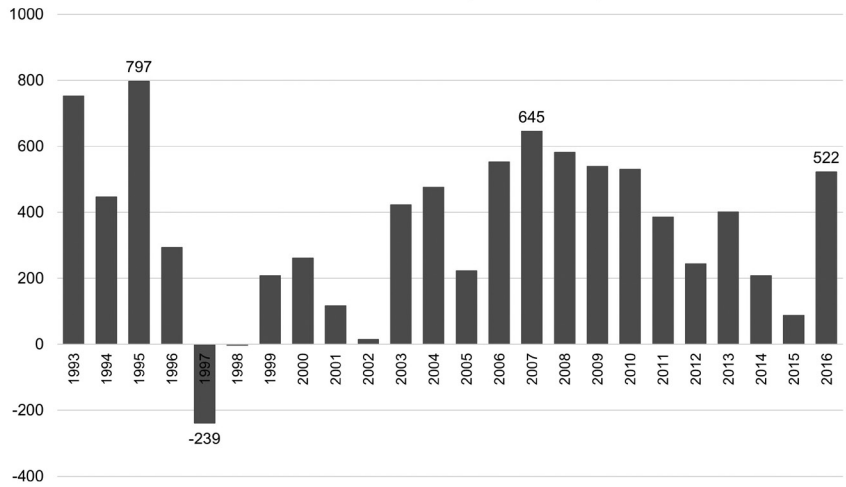
Real Estate and Construction

### Gallatin County Net Migration



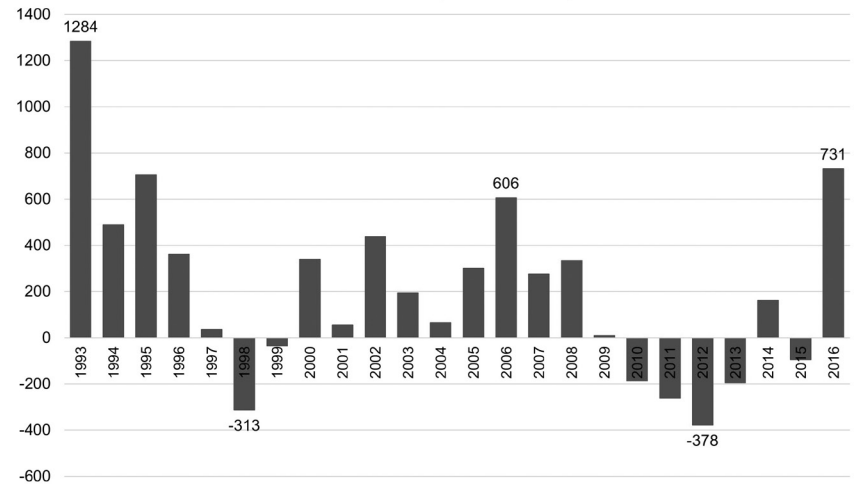
Real Estate and Construction

### Lewis & Clark County Net Migration



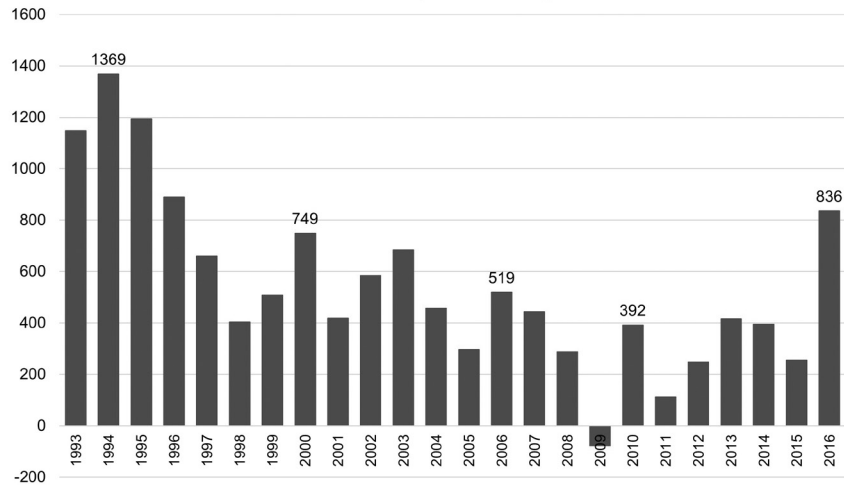
Real Estate and Construction

### Missoula County Net Migration



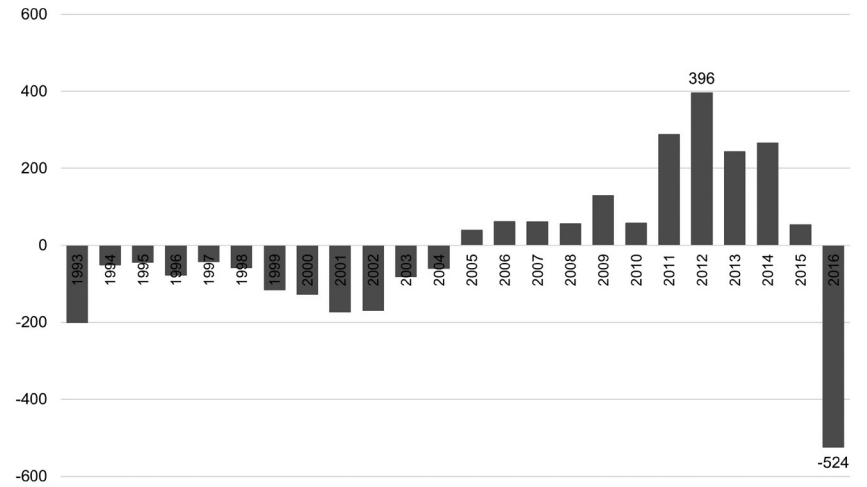
Real Estate and Construction

### Ravalli County Net Migration



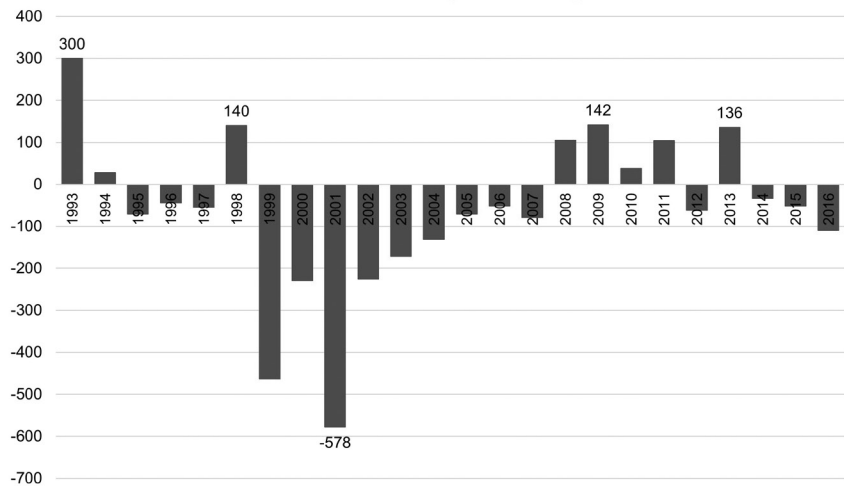
Real Estate and Construction

### Richland County Net Migration



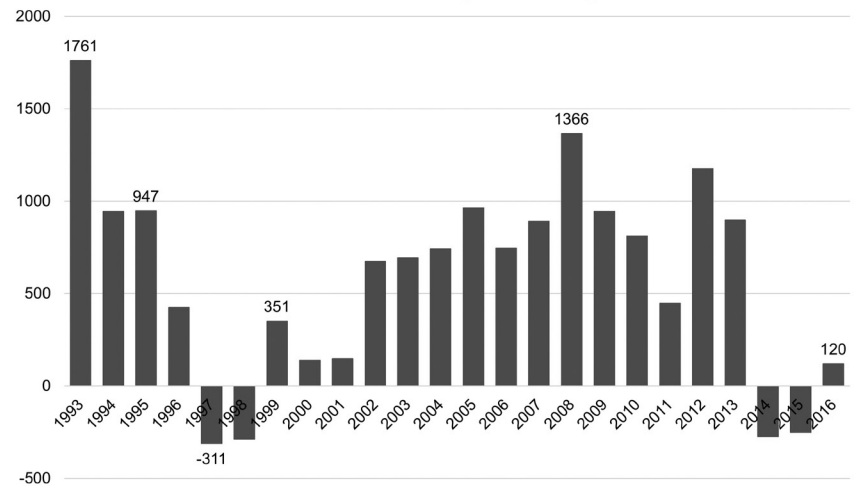
Real Estate and Construction

### Silver Bow County Net Migration



Real Estate and Construction

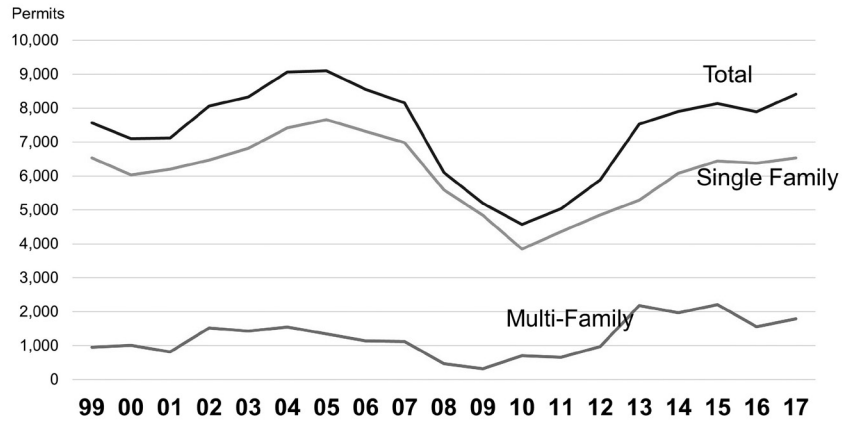
### Yellowstone County Net Migration



Real Estate and Construction

## New Home Construction is Increasing

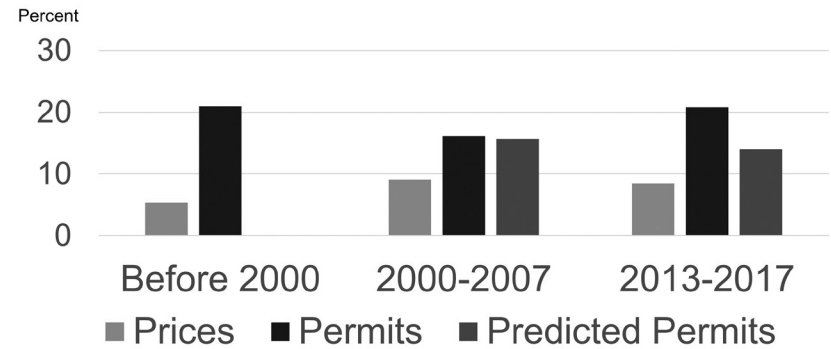
Housing Permits, Montana



BUREAU OF BUSINESS AND ECONOMIC RESEARCH  
UNIVERSITY OF MONTANA

Real Estate and Construction

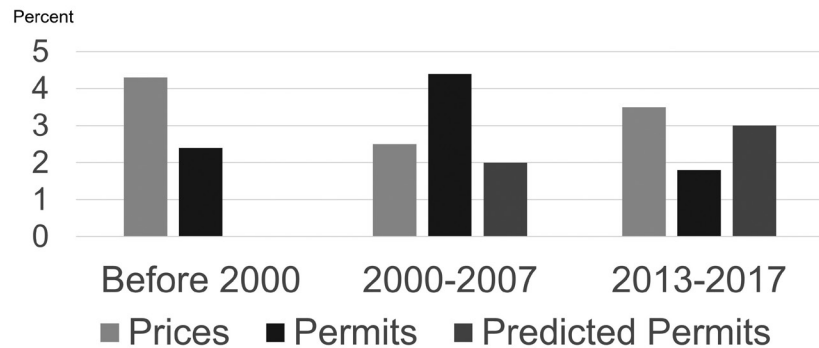
## Housing Prices and Residential Building Permits Gallatin County, Average Annual Percent Growth



BUREAU OF BUSINESS AND ECONOMIC RESEARCH  
UNIVERSITY OF MONTANA

Real Estate and Construction

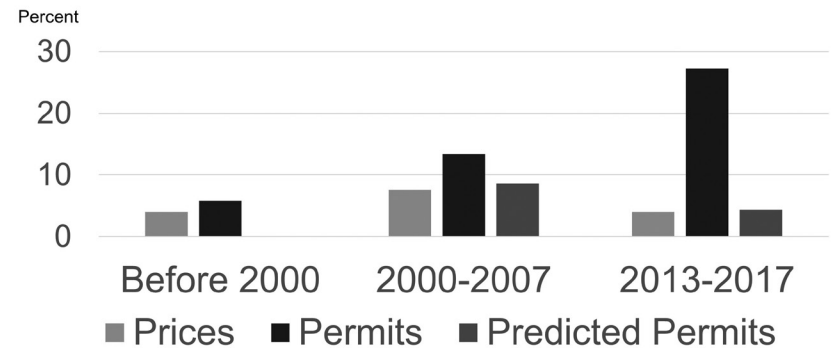
## Housing Prices and Residential Building Permits Lewis and Clark County, Average Annual Percent Growth



BUREAU OF BUSINESS AND ECONOMIC RESEARCH  
UNIVERSITY OF MONTANA

Real Estate and Construction

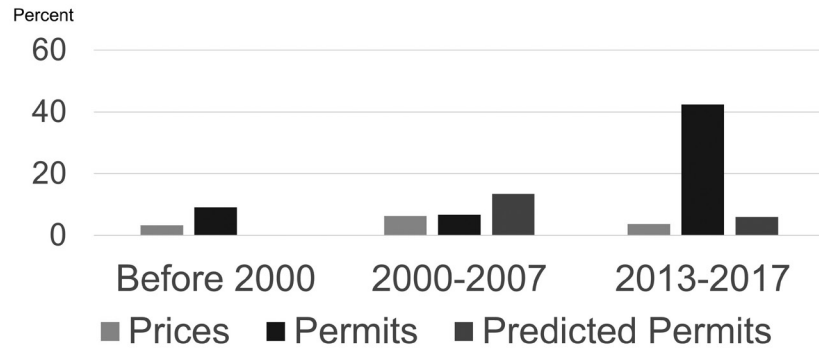
## Housing Prices and Residential Building Permits Missoula County, Average Annual Percent Growth



BUREAU OF BUSINESS AND ECONOMIC RESEARCH  
UNIVERSITY OF MONTANA

Real Estate and Construction

### Housing Prices and Residential Building Permits Yellowstone County, Average Annual Percent Growth

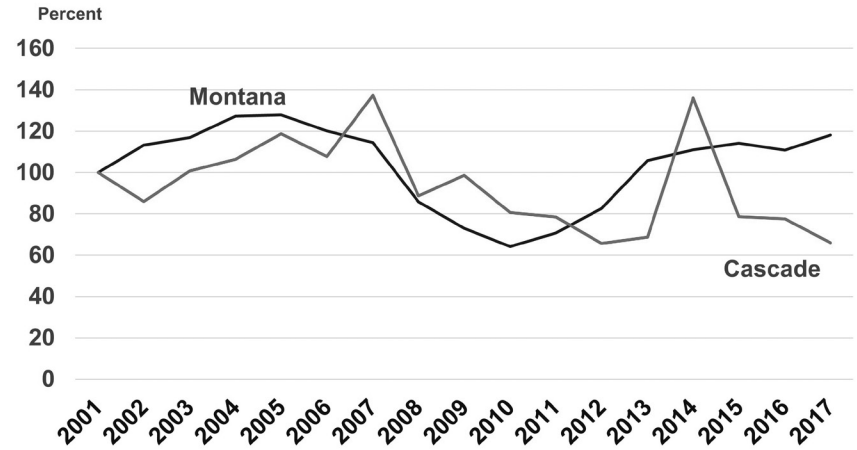


BUREAU OF BUSINESS AND  
ECONOMIC RESEARCH  
UNIVERSITY OF MONTANA

Real Estate and Construction

### Housing Starts, Cascade County vs. Montana

Index, 2001 = 100



Source: Bureau of Business and Economic Research and U.S. Census Bureau.

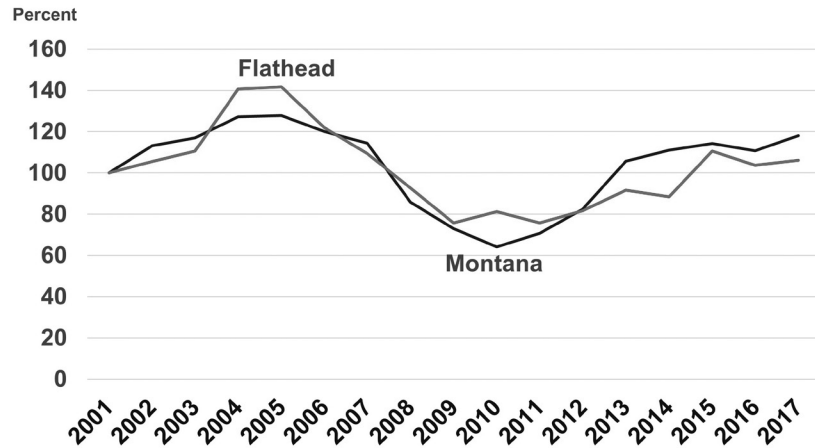


BUREAU OF BUSINESS AND  
ECONOMIC RESEARCH  
UNIVERSITY OF MONTANA

Real Estate and Construction

### Housing Starts, Flathead County vs. Montana

Index, 2001 = 100



Source: Bureau of Business and Economic Research and U.S. Census Bureau.

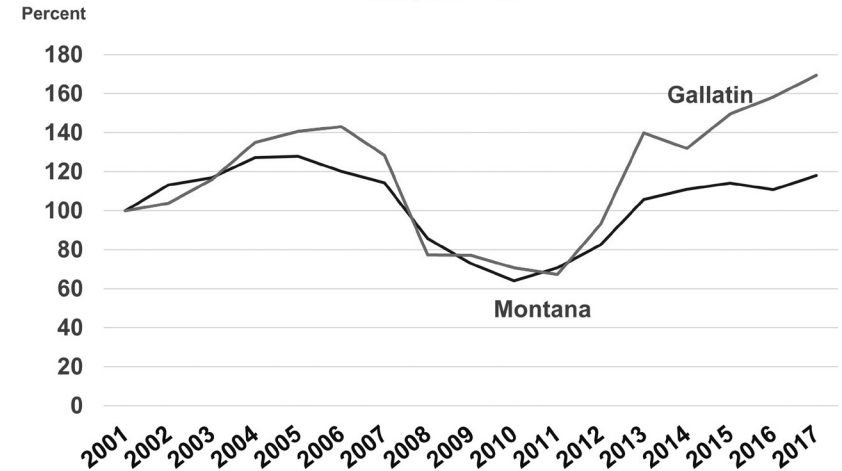


BUREAU OF BUSINESS AND  
ECONOMIC RESEARCH  
UNIVERSITY OF MONTANA

Real Estate and Construction

### Housing Starts, Gallatin County vs. Montana

Index, 2001 = 100



Source: Bureau of Business and Economic Research and U.S. Census Bureau.



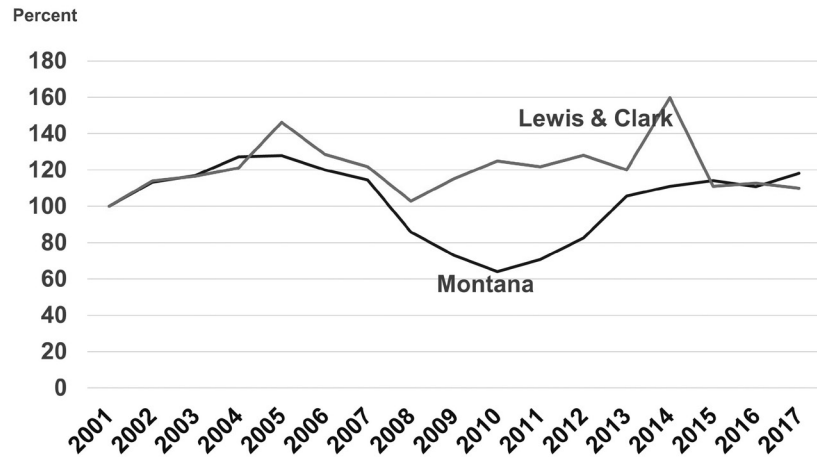
BUREAU OF BUSINESS AND  
ECONOMIC RESEARCH  
UNIVERSITY OF MONTANA

Real Estate and Construction



### Housing Starts, Lewis and Clark County vs. Montana

Index, 2001 = 100



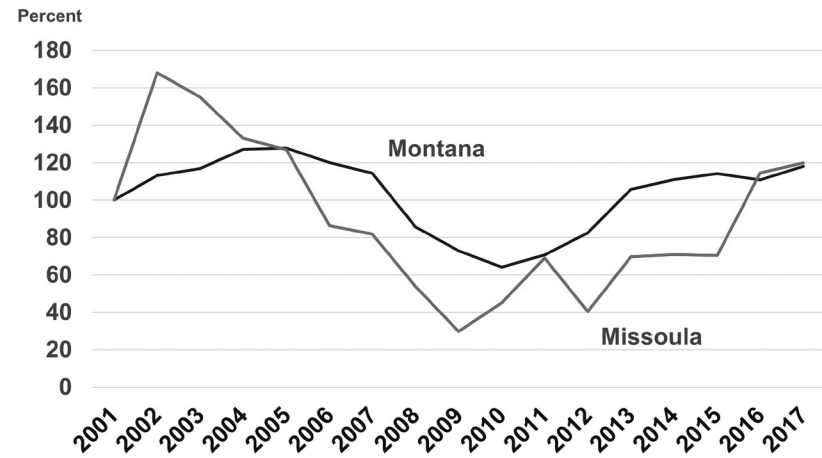
Source: Bureau of Business and Economic Research and U.S. Census Bureau.



Real Estate and Construction

### Housing Starts, Missoula County vs. Montana

Index, 2001 = 100



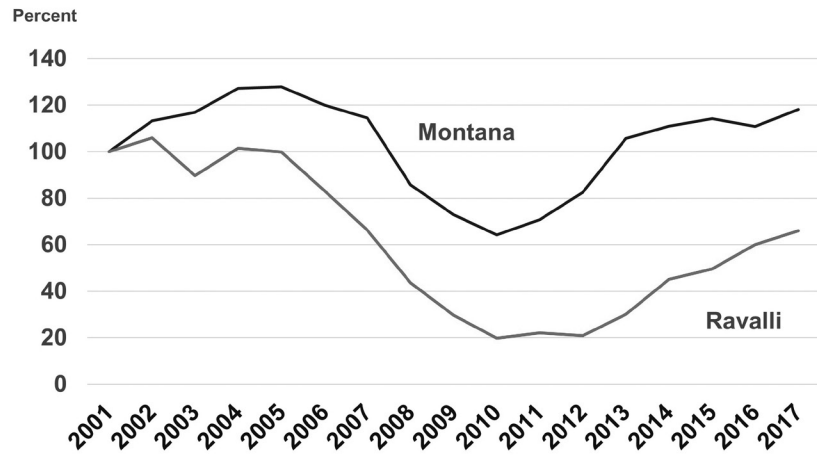
Source: Bureau of Business and Economic Research and U.S. Census Bureau.



Real Estate and Construction

### Housing Starts, Ravalli County vs. Montana

Index, 2001 = 100



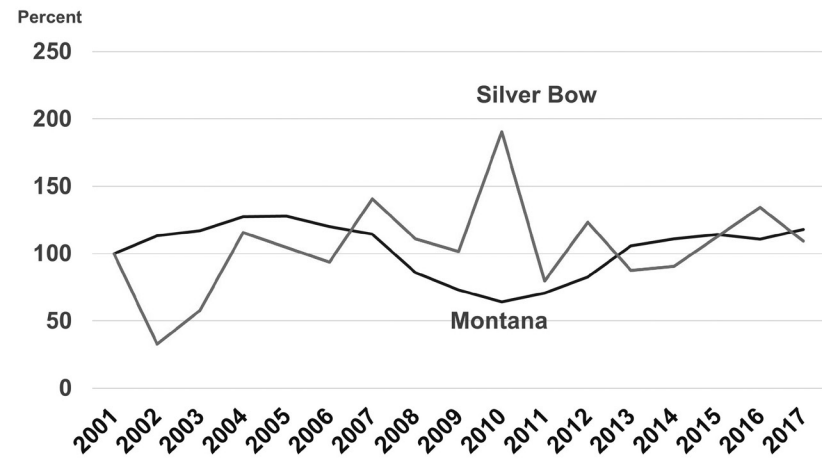
Source: Bureau of Business and Economic Research and U.S. Census Bureau.



Real Estate and Construction

### Single Family Housing Starts, Silver Bow County vs. Montana

Index, 2001 = 100



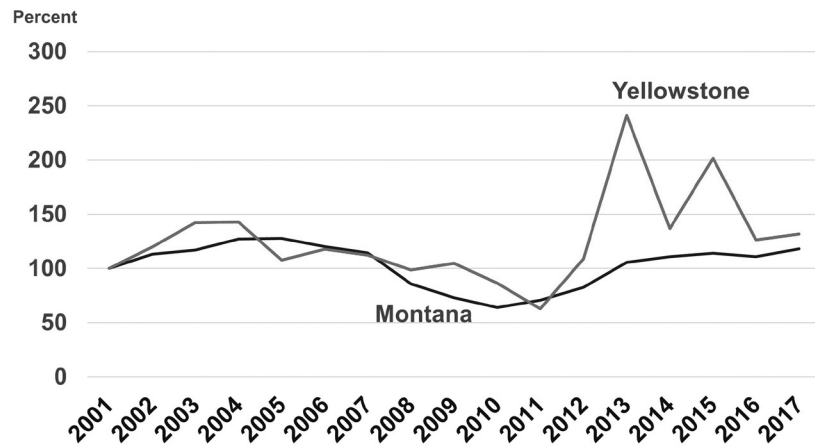
Source: Bureau of Business and Economic Research and U.S. Census Bureau.



Real Estate and Construction

## Housing Starts, Yellowstone County vs. Montana

Index, 2001 = 100

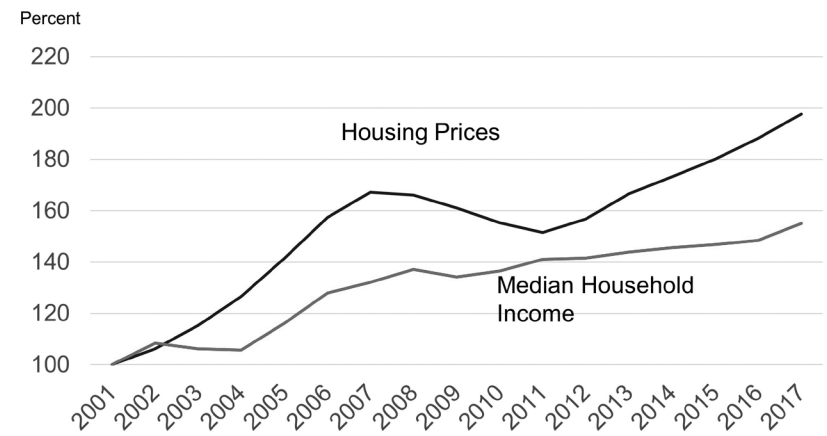


Source: Bureau of Business and Economic Research and U.S. Census Bureau.



Real Estate and Construction

## Housing Affordability Remains an Issue



Montana Housing Price Index and Montana Median Household Income Index, 2001 = 100  
Source: U.S. Federal Housing Finance Agency and Census Bureau.



Real Estate and Construction

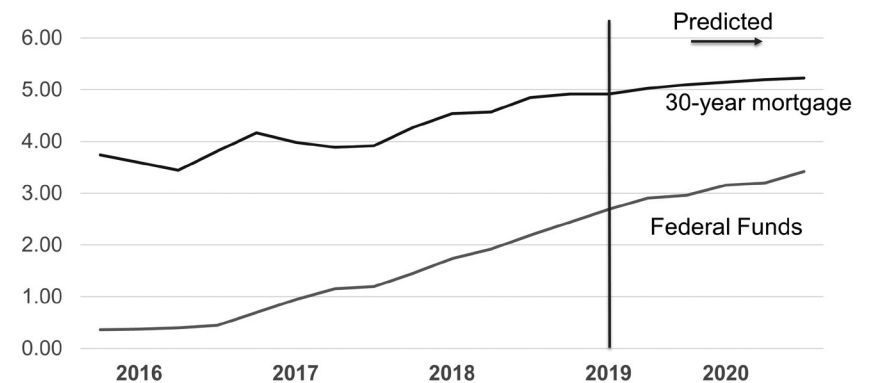
## Looking Ahead to 2019

- Interest Rates Have Been Moving Up



Real Estate and Construction

## Mortgage Rates Creeping Up to Historical Norms



Source: IHS Markit



Real Estate and Construction

## Looking Ahead to 2019

- Interest Rates Have Been Moving Up
- Real estate risk is growing



BUREAU OF BUSINESS AND  
ECONOMIC RESEARCH  
UNIVERSITY OF MONTANA

Real Estate and Construction

## Real Estate Risk

- Lowering credit scores of purchasers
- Increasing debt-to-income ratios
- Increasing combined loan-to-value ratios
- Increasing 30-year mortgages



BUREAU OF BUSINESS AND  
ECONOMIC RESEARCH  
UNIVERSITY OF MONTANA

Real Estate and Construction

## Outlook for 2019

- Real estate markets in Montana will remain strong
- Affordability will remain challenging
- Construction will continue to increase to relieve some pressure
- Risk in the markets will continue to grow



BUREAU OF BUSINESS AND  
ECONOMIC RESEARCH  
UNIVERSITY OF MONTANA

Real Estate and Construction

## Questions?



BUREAU OF BUSINESS AND  
ECONOMIC RESEARCH  
UNIVERSITY OF MONTANA

Real Estate and Construction

# 2019 Montana Agricultural Outlook

Kate Binzen Fuller

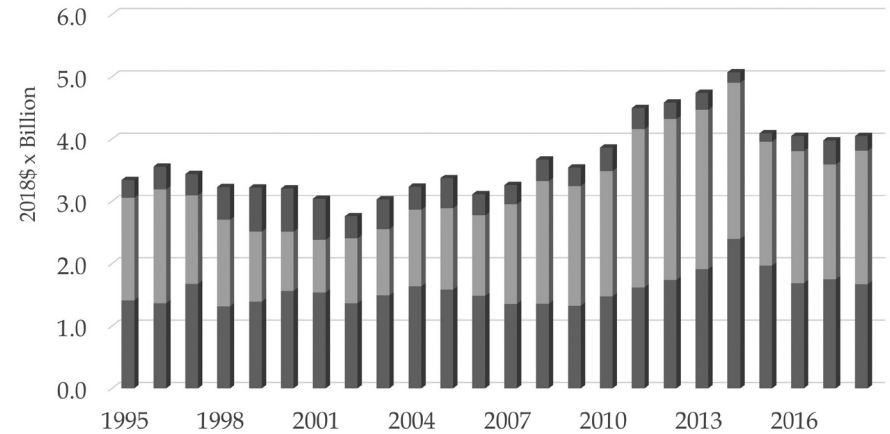
Assistant Professor/Extension Specialist

George Haynes

Professor/Extension Specialist

Department of Agricultural Economic & Economics  
MSU Extension

## Montana Cash Receipts (1995 – 2018F)

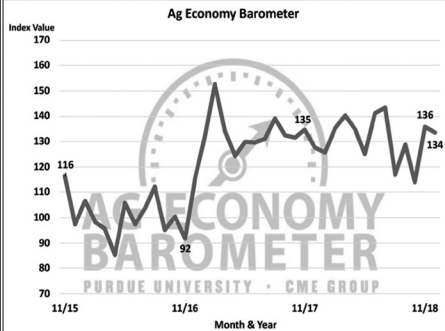


Source: USDA ERS Farm Income and Wealth Statistics



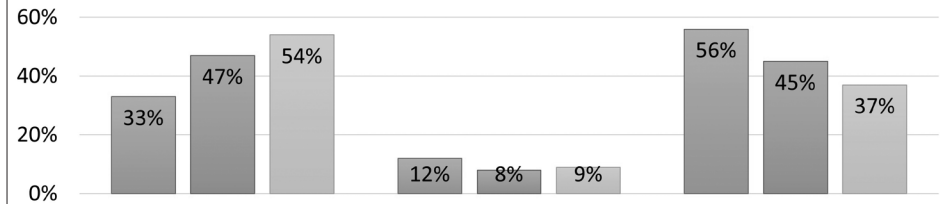
VS

MONTANA

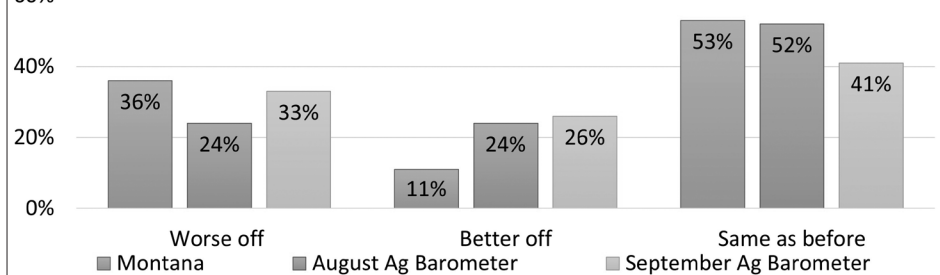


Source: Purdue University Center for Commercial Agriculture, Producer Survey, November 2018

Would you say that your farm operation *today* is better off, worse off or about the same compared to a year ago?



Do you think that a *year from now* your farm operation will be better off financially, worse off or about the same as now?



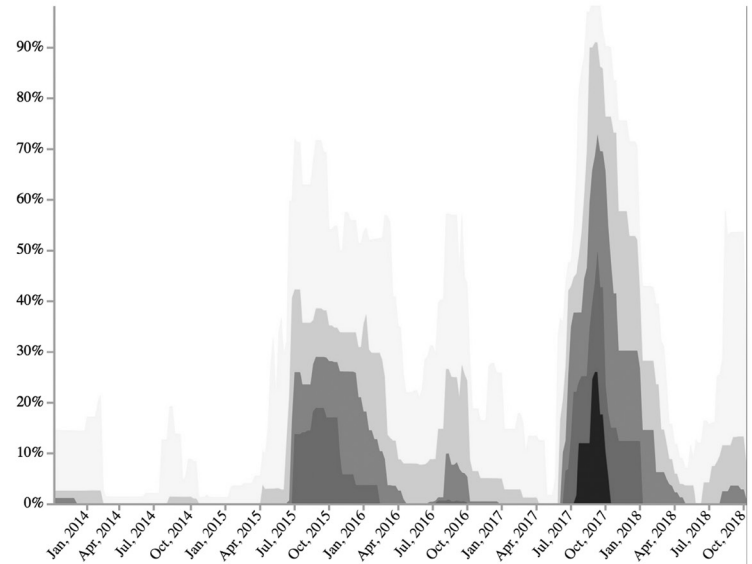
# Sept. 2018 Drought Map



<http://www.drought.mt.gov>
<http://www.nris.mt.gov/drought>

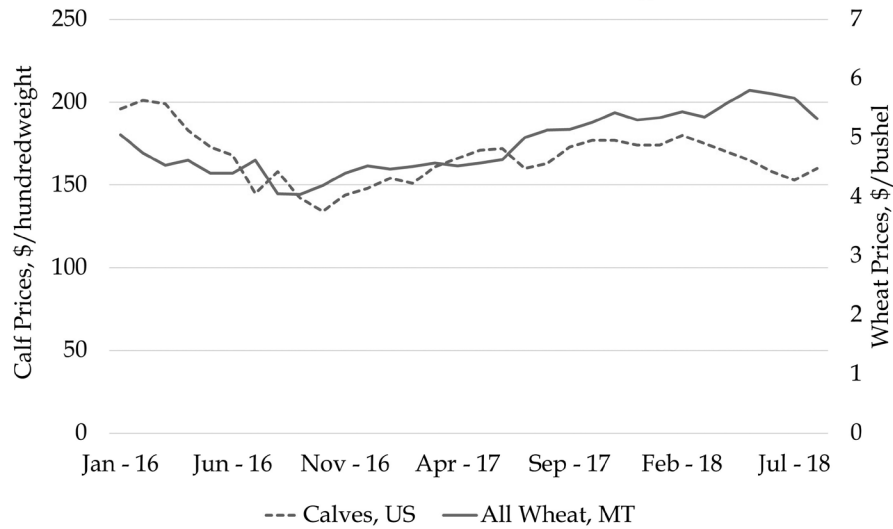
RC

# Drought Intensity, MT % area



Source: Drought.gov

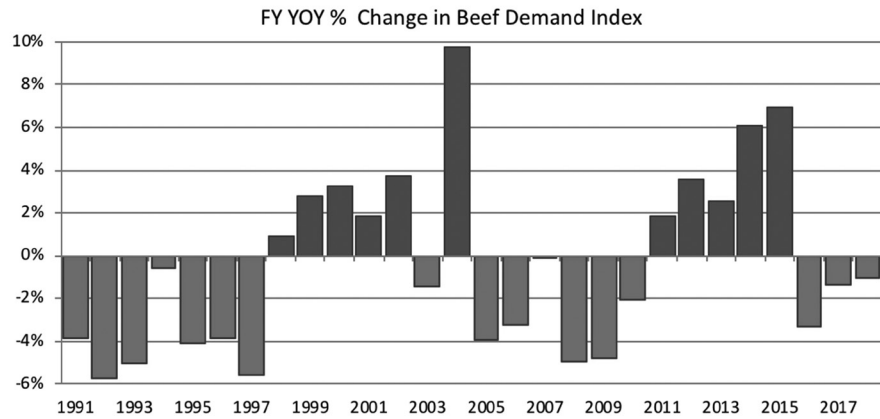
# Prices: Mixed Bag



Source: NASS Quickstats

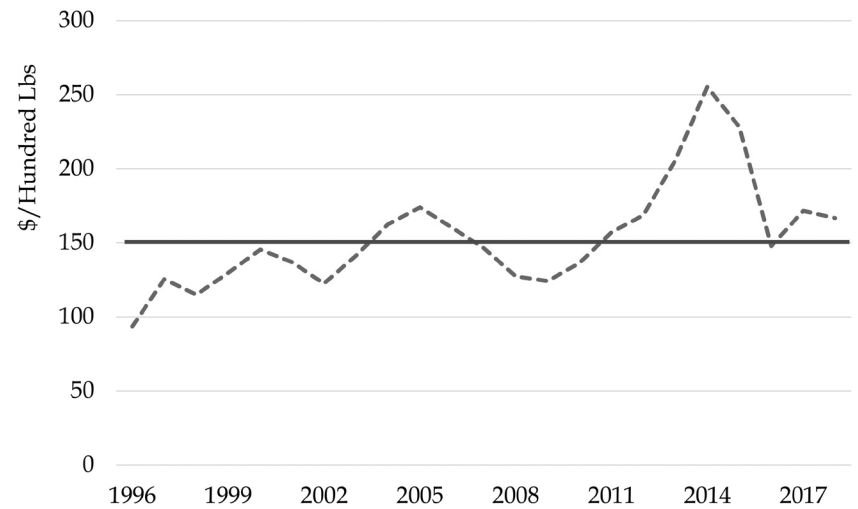
# CATTLE

# Domestic Demand for Beef



Source: Kansas State University – AgManager.com

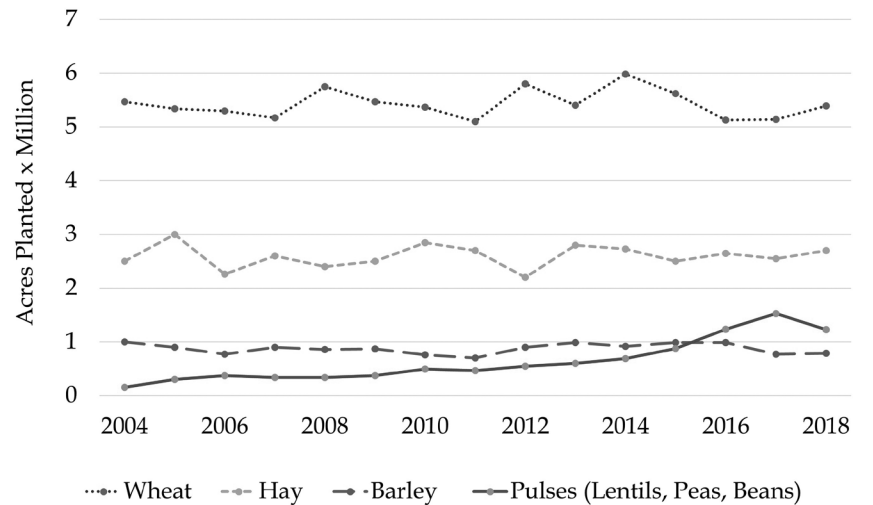
# U.S. Average Calf Prices (2018\$)



Source: NASS Quickstats

# CROPS

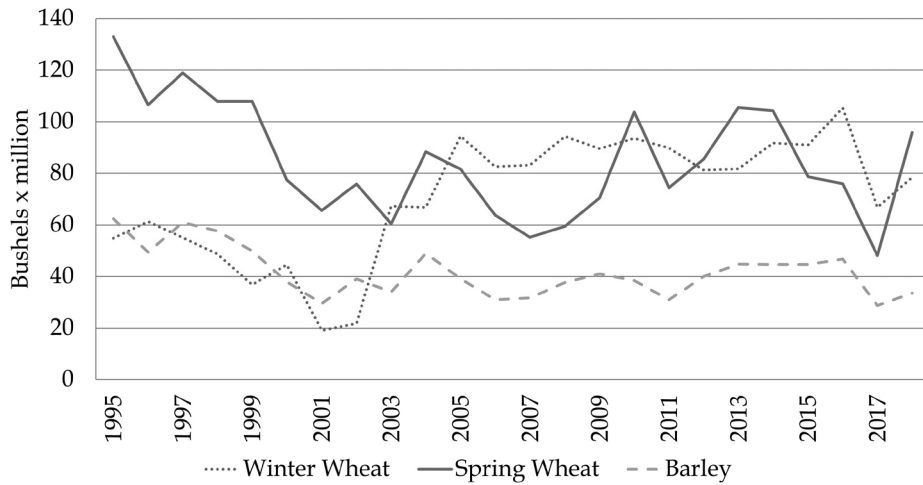
# Montana Major Crop Acreage



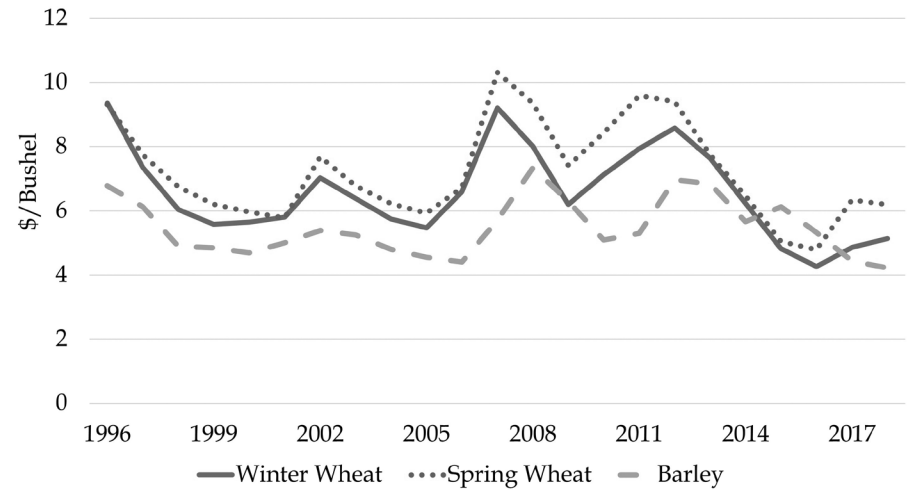
Source: NASS Quickstats, Mercaris

437K organic acres

## Montana Grain Production

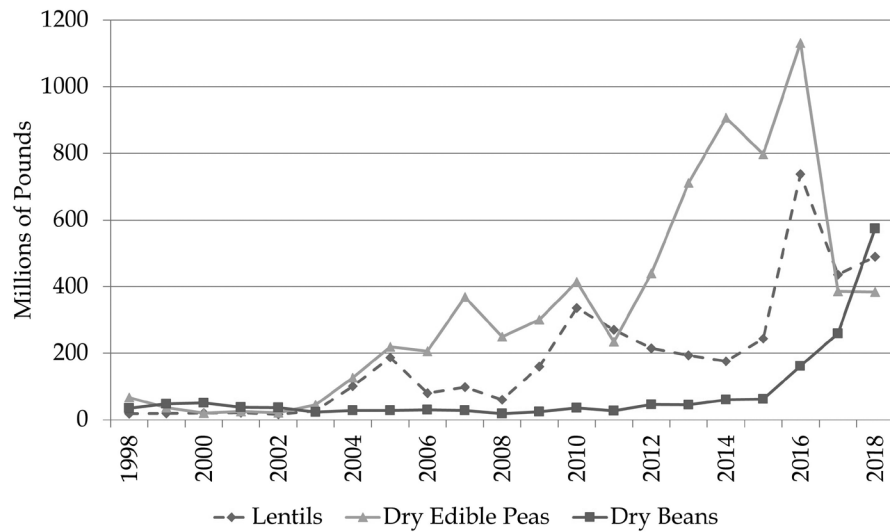


## Montana Grain Prices (2018\$)



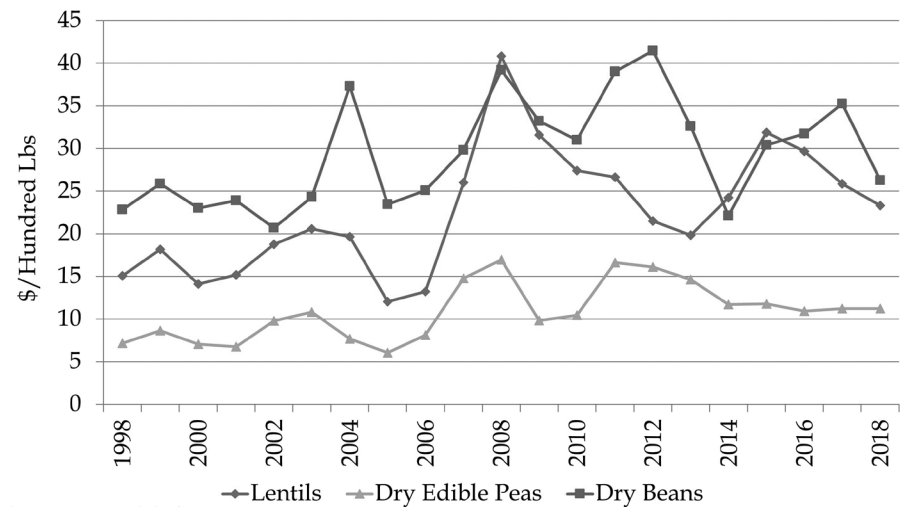
Source: NASS Quickstats

## Montana Pulse Production



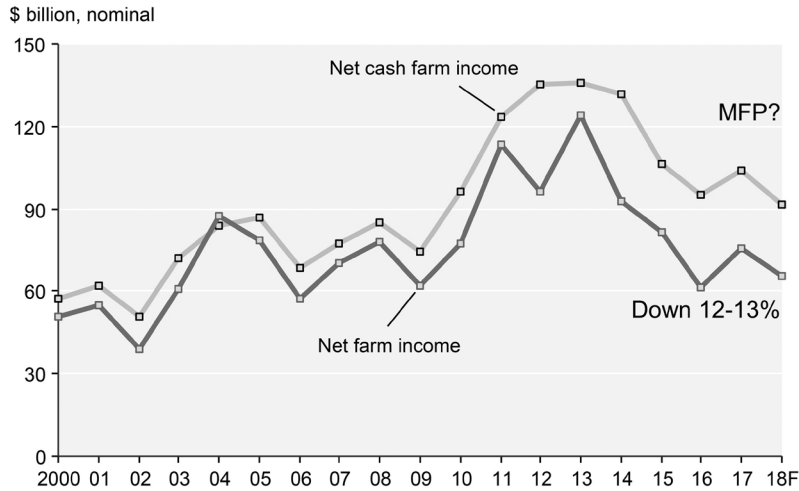
Source: NASS Quickstats

## Montana Pulse Prices (\$2018)



Source: NASS Quickstats

# U.S. Net Farm Income

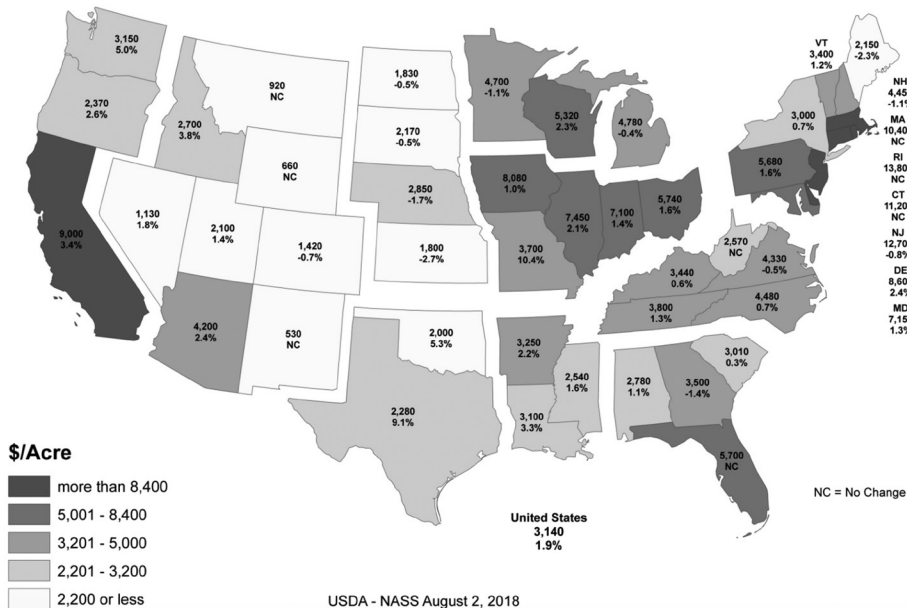


Note: F = forecast.  
 Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.  
 Data as of August 30, 2018.

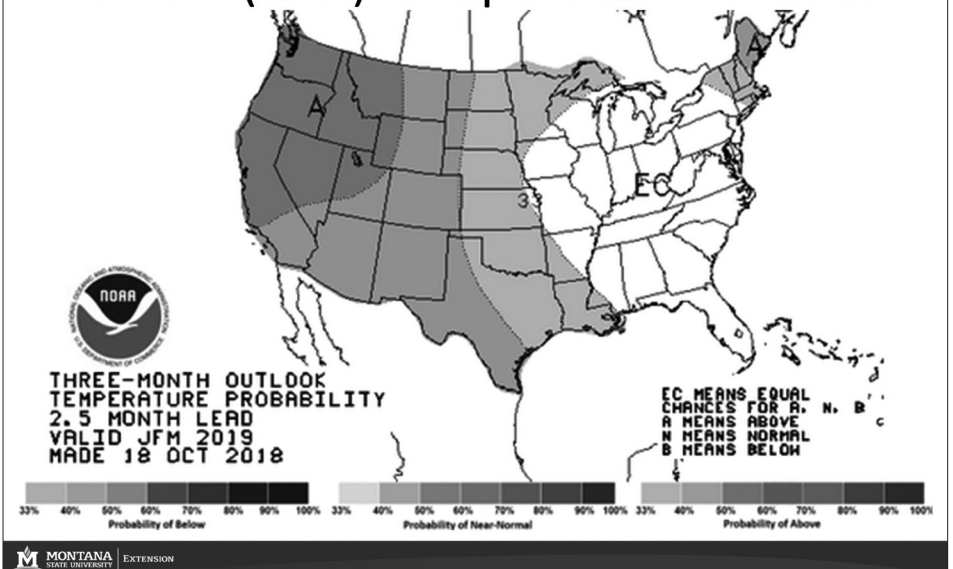
## LOOKING FORWARD

### 2018 Farm Real Estate Value by State

Dollars per Acre and Percent Change from 2017

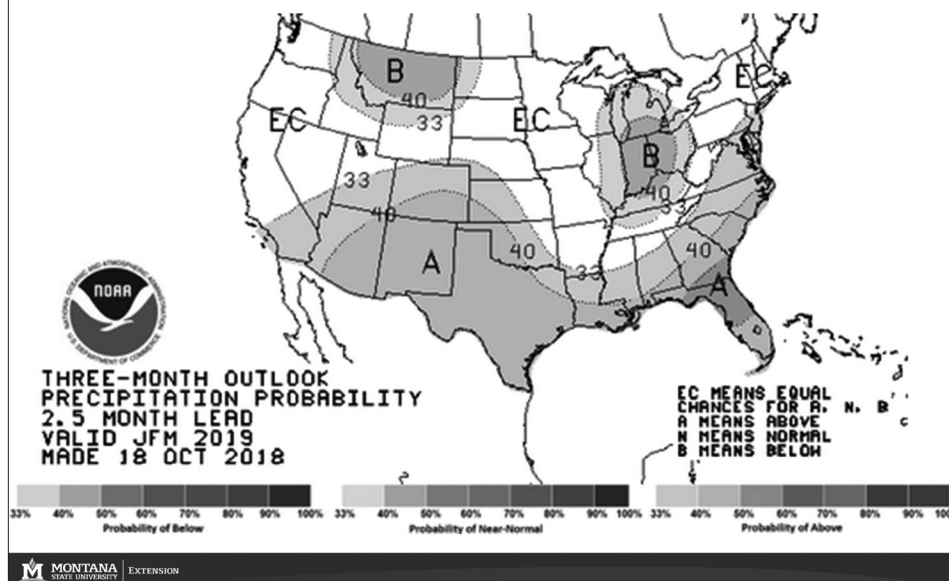


### Domestic production conditions Winter (JFM) Temperature Forecast





## Domestic Production Conditions: Winter (JFM) Precipitation Forecast



## Farm Policy

- Farm Bill
  - Passed/signed on December 20, 2018
  - Impact of Montana producers
- USMCA (revised NAFTA)
- Market Facilitation Program

## Questions


Kate.fuller@montana.edu







# More than a motto.

It's giving back to the place we call home. First Interstate Bank has given over \$20 million to community causes and organizations throughout the region. Helping our communities thrive—it's you and  together.



Member FDIC. Equal Housing Lender. 

[firstinterstate.com](http://firstinterstate.com)

## Your partner for a healthy life.



1101 26<sup>th</sup> Street South, Great Falls, MT 59405 | 406.455.5000 | [www.benefis.org](http://www.benefis.org)

**Benefis**  
HEALTH SYSTEM

Live well.



Connect your business to more.

Hosted IP Phone • Integrated Voice & Data  
Business Broadband • Ethernet, MPLS & T-1  
Managed WAN • Managed Firewall • Hosted Server  
Colocation • Cloud Solutions • IT Consulting

Learn more: [Blackfoot.com/Business](http://Blackfoot.com/Business)



2019 Montana Housing Partnership Conference

**SAVE THE DATE**  
**JUNE 17 - 19, 2019**

Billings, MT

Join us for the premier conference in the state of Montana to discuss issues and trends of affordable housing including public housing, housing choice vouchers, multi-family, single-family, homelessness, the nexus between health and housing, and community revitalization and development.

Check [www.nwmt.org](http://www.nwmt.org) or [housing.mt.gov](http://housing.mt.gov) in February for ways to register!  
Email [kbiggs@nwmt.org](mailto:kbiggs@nwmt.org) with any questions.





*We're keeping Montana  
picture-perfect.*



NorthWestern Energy has invested more than \$1 billion in providing 60 percent of Montana's energy through renewable resources like wind and water. This major investment is part of our ongoing commitment to responsibly power our homes and businesses, protect our environment, and keep our state beautiful now and for future generations.

**NorthWestern**<sup>®</sup>  
**Energy**  
*Delivering a Bright Future*



**Bureau of Business and Economic Research**

Gallagher Business Building, Suite 231

32 Campus Drive

University of Montana

Missoula, Montana 59812

Phone: (406) 243-5113

Email: [bbermail@business.umt.edu](mailto:bbermail@business.umt.edu)

[www.bber.umt.edu](http://www.bber.umt.edu)