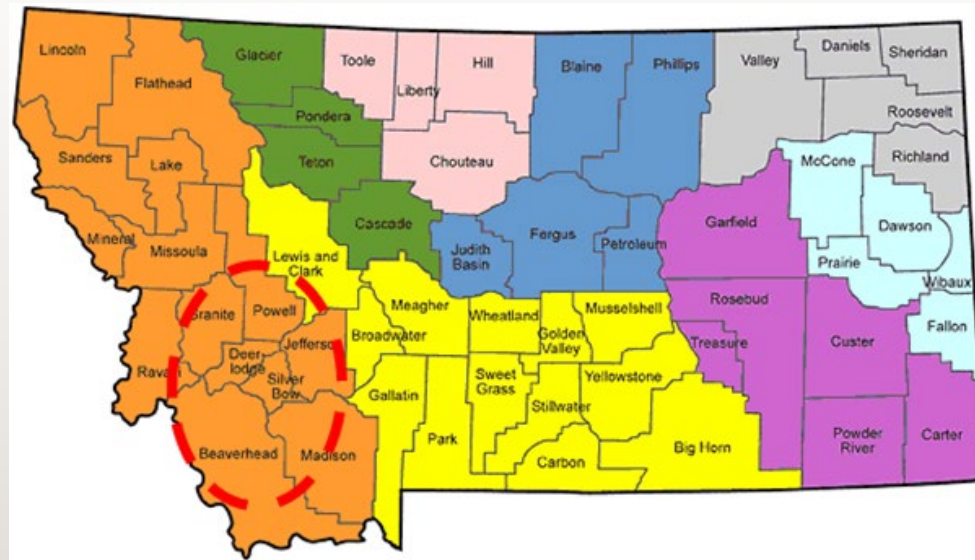


SOUTHWEST MONTANA AND SILVER BOW COUNTY

2021 REVIEW AND OUTLOOK



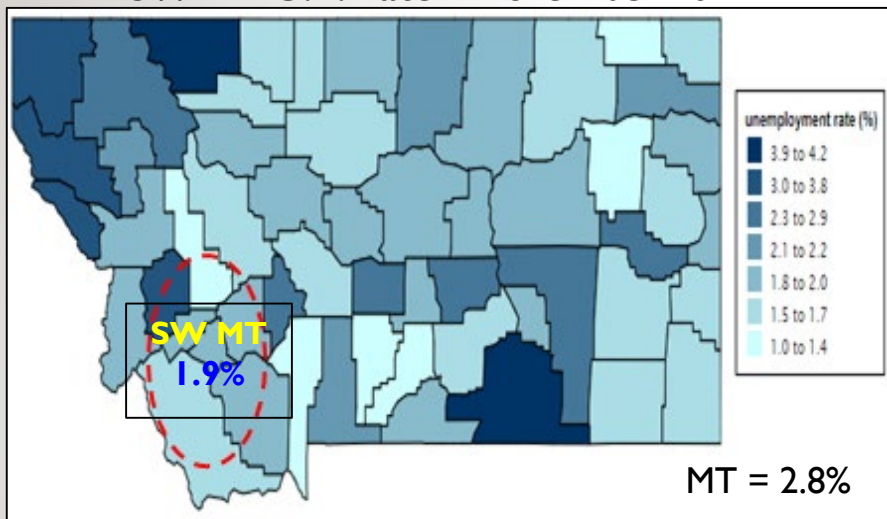
**JOHN KASPERICK - ECONOMIST
NORTHWESTERN ENERGY**

SUMMARY 2021 REVIEW

- **Tight Labor Market**
 - Following the COVID decline in 2020, the year 2021 saw record low unemployment rates and the lowest number of unemployed in our history
- **Population and Employment Growth**
 - Census counts show overall growth in SW MT between 2010 and 2020
 - Following COVID decline, 2021 employment levels grew at record pace and faster than the overall statewide average growth
- **Demographics**
 - Older population base and lower income levels
- **Inflation**
 - The Inflation Rate in 2021 saw its fastest increase in forty years
- **Tight Housing Market**
 - In 2021 the number of homes sold increased 22% and average sales price was up 16%
 - Currently (1/16/2022) only 35 active listings with a median price of \$310,000

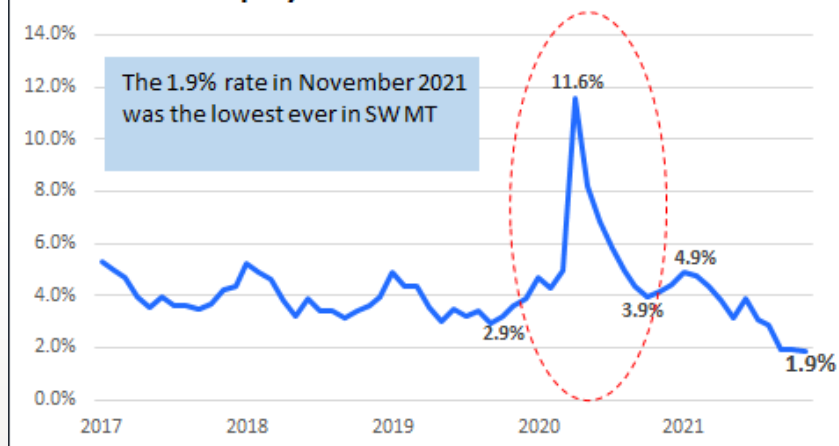
SW MT LABOR FORCE – TIGHT LABOR MARKET

SW MT U.E. Rate – November 2021

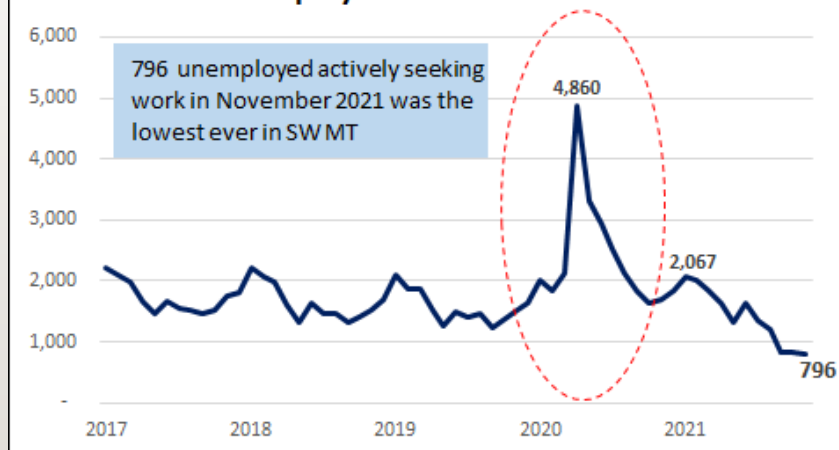


- The last 3-months of 2021 saw the lowest number of unemployed and unemployment rates in SW MT's history.
- Tightness in the labor market is unprecedented with nationally three job openings for every two unemployed workers.
- Challenges for all employers.

Unemployment Rate SW MT 2017-2021



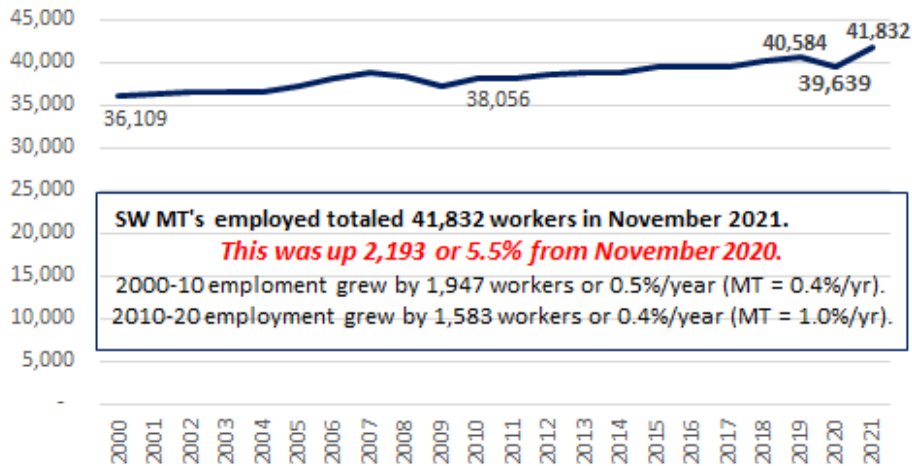
Unemployed SW MT 2017-2021



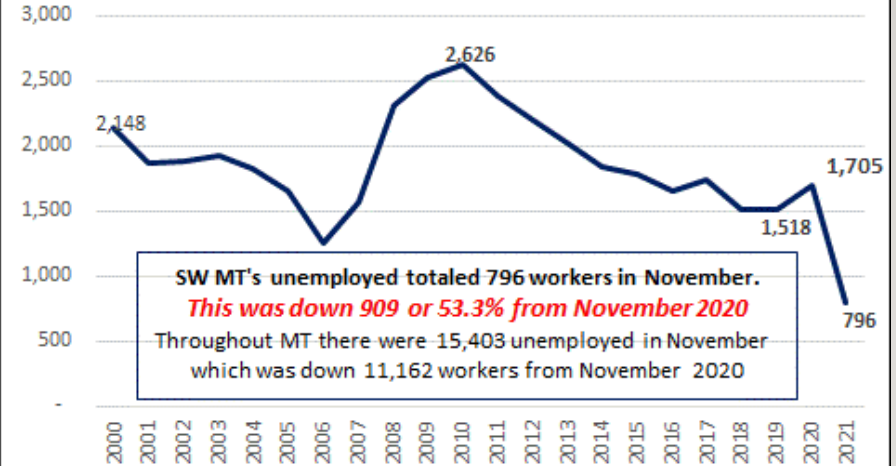
Source: U.S Bureau of Labor Statistics and MT Dept. of Labor and Industry

LABOR FORCE – EMPLOYED AND UNEMPLOYED

Total Southwest MT Employed - November



Total Southwest MT Unemployed - November



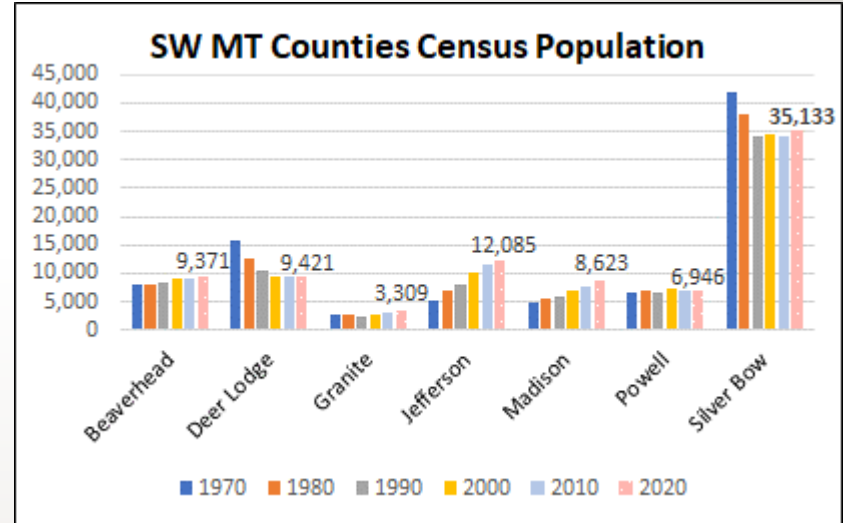
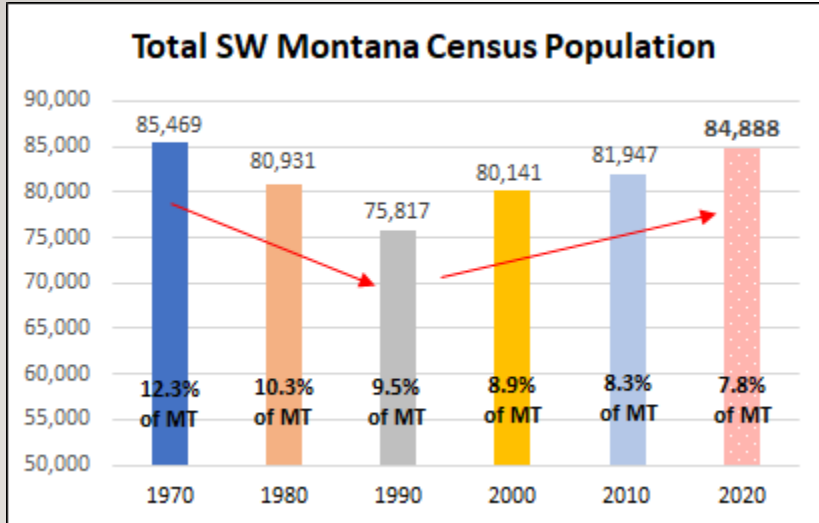
- With pandemic recovery in 2021, all SW MT counties saw their strongest employment growth, lowest number of unemployed and lowest unemployment rates ever.
- Current unemployment rates less than 2% in all SW MT counties with the exception of Granite county.

County	November 2021				2020-21	
	Labor Force	Employed	Unemployed	UE Rate	Emp Chg	% Emp Chg
Beaverhead	5,112	5,024	88	1.7%	129	2.6%
Deer Lodge	5,005	4,912	93	1.9%	177	3.7%
Granite	1,611	1,561	50	3.1%	119	8.3%
Jefferson	5,863	5,760	103	1.8%	212	3.8%
Madison	4,597	4,513	84	1.8%	636	16.4%
Powell	3,013	2,970	43	1.4%	66	2.3%
Silver Bow	17,427	17,092	335	1.9%	854	5.3%
SW MT	42,628	41,832	796	1.9%	2,193	5.5%
Montana	543,545	528,142	15,403	2.8%	17,384	3.4%

Note: Between 2020 and 2021, SW MT employment increased 2,193 workers or 5.5%. MT employment increased 17,384 workers or 3.4%.

Source: U.S Bureau of Labor Statistics and MT Dept. of Labor and Industry

SOUTHWEST MT CENSUS POPULATION



- Between 2010-2020 SW MT's population grew 3.6% or 2,941 people. Growth in SW MT was slower than the overall statewide growth of 9.6%. MT ranked 15th of the 50 states in terms of population growth between 2010 and 2020.
- Within the SW MT counties, Madison, Granite, and Jefferson saw the fastest growth. Silver Bow County grew 933 people or 2.7%, ranking 27th of the 56 counties.
- Although slow, Silver Bow County's growth of 2.7% was the counties fastest growth since 1910-1920.

	Population		Change	Growth		56 County Rank
	2010	2020		2000-10	2010-20	
Beaverhead	9,246	9,371	125	0.6%	1.4%	33rd
Deer Lodge	9,298	9,421	123	-1.3%	1.3%	35th
Granite	3,079	3,309	230	8.4%	7.5%	15th
Jefferson	11,406	12,085	679	13.7%	6.0%	18th
Madison	7,691	8,623	932	12.3%	12.1%	6th
Powell	7,027	6,946	(81)	-2.2%	-1.2%	42nd
Silver Bow	34,200	35,133	933	-1.2%	2.7%	27th
Total SW Montana	81,947	84,888	2,941	2.3%	3.6%	
Total Montana	989,415	1,084,225	94,810	9.7%	9.6%	15th

Source: U.S. Census Bureau

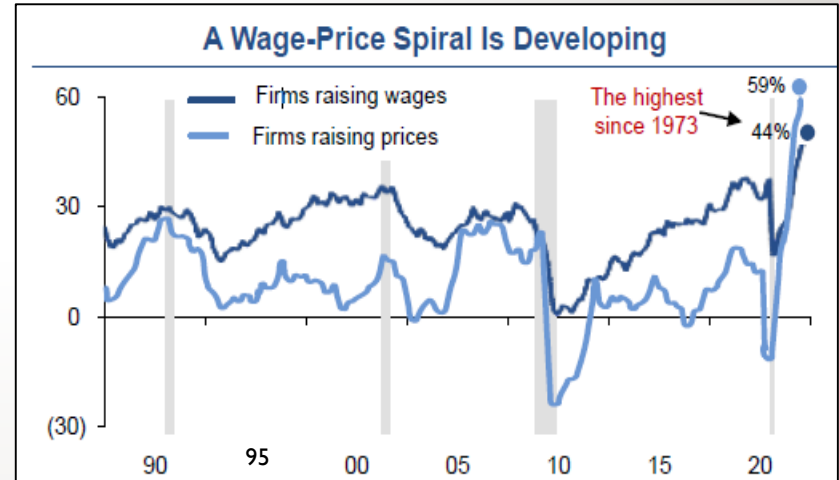
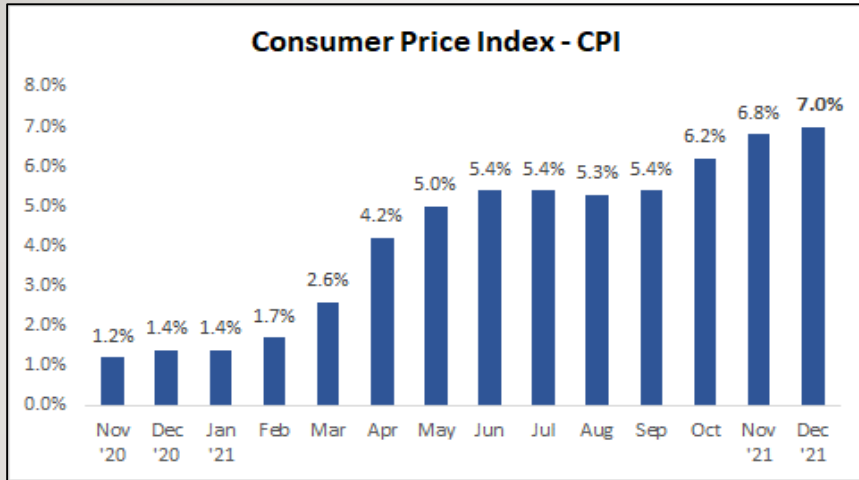
SOUTHWEST MT DEMOGRAPHICS

SouthWest Montana Demographics									
	Beaverhead	Deer Lodge	Granite	Jefferson	Madison	Powell	Silver Bow	SW MT	Montana
Population 2020	9,371	9,421	3,309	12,085	8,623	6,946	35,133	84,888	1,084,225
Population 2010	9,246	9,298	3,079	11,406	7,691	7,027	34,200	81,947	989,415
% Change 2010-20	1.4%	1.3%	7.5%	6.0%	12.1%	-1.2%	2.7%	3.6%	9.6%
Per-Capita Personal Income \$	52,501	45,039	49,242	52,770	57,112	47,024	50,672	50,847	57,153
% Statewide Average	91.9%	78.8%	86.2%	92.3%	99.9%	82.3%	88.7%	89.0%	87.0%
Bachelors Degree or Higher	35.40%	20.40%	28.90%	35%	31.20%	20.40%	27.20%	28.40%	33.60%
Median Age	43.0	48.6	54.3	47.6	53.0	45.5	40.0	44.7	40.5
People per Household	2.22	2.08	2.47	2.6	2.24	2.16	2.24	2.27	2.38
65 Years and Older	21.3%	22.8%	29.1%	20.5%	28.9%	20.0%	18.7%	21.2%	19.5%
Poverty % of Persons	17.70%	20.20%	7.90%	7.80%	8.40%	11.70%	17.40%	14.60%	12.60%
% Without Health Care	8.10%	7.50%	6.90%	6.10%	9.40%	6.40%	5.30%	6.50%	8.30%
Home Ownership	67.80%	67.80%	79.10%	84.30%	77%	67.10%	68.90%	71.70%	68.90%
Renter	32.20%	32.20%	20.90%	15.70%	23.00%	32.90%	31.10%	28.30%	31.10%

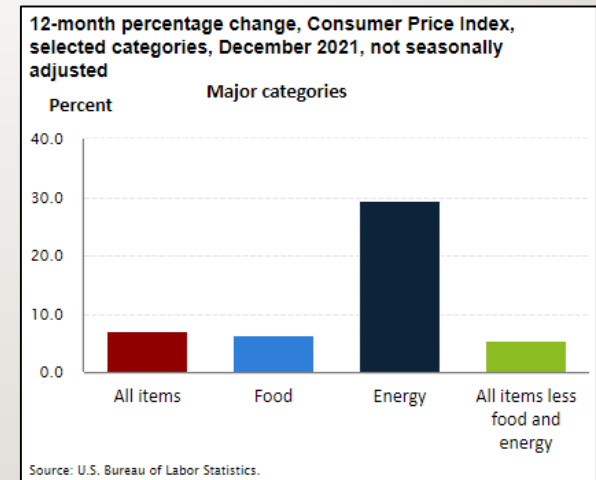
- Population grew in all SW MT counties between 2010 and 2020, with the exception of Powell county.
- SW MT's population grew at a much slower pace than the overall statewide average growth.
- Income per person in the SW MT counties averaged \$50,847 which was 89% of the statewide average.
- The SW MT counties have an older population base, with a median age of 44.7 years and 21.2% 65 years and older. This drives less people per household, averaging 2.27 in SW MT.
- SW MT has a higher percent of its people below the poverty level averaging 14.6%, but more covered by healthcare insurance.
- A greater percentage of homes are owned in SW MT than overall statewide, averaging 71.7%.

Source: U.S Census Bureau

INFLATION – NOT SO TRANSITORY



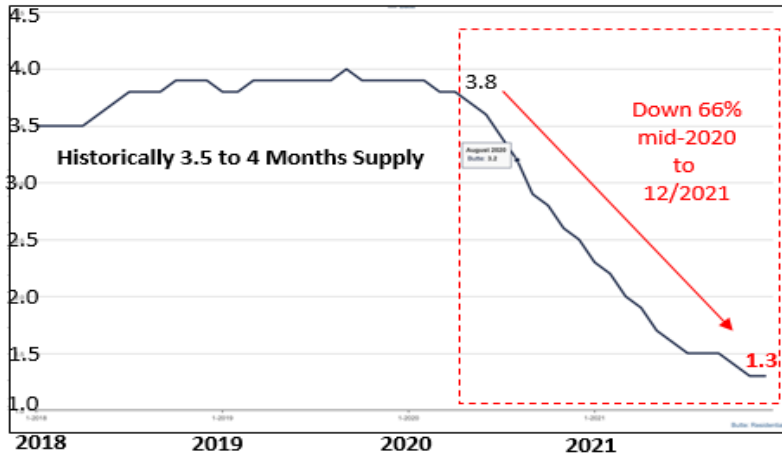
- The annual inflation rate surged to 7% in December, its highest level since 1982. The average annual increase in 2021 ended at 4.7%.
- In response to inflation, employees are demanding higher wages and firms are raising their prices, leading to a wage-price spiral.
- Supply chain issues impacting all employers, along with federal stimulus payments, continued historically low interest rates, and reopening the economy with pent-up demand has put significant upward pressure on prices.
- On November 30, Chairman Powell admitted the FED had underestimated inflationary forces and expects inflation to remain elevated throughout 2022.
- FED prepared to raise interest rates 3 to 4 times in 2022.
- Significant cost increases to business in SW MT impacting earnings and growth.



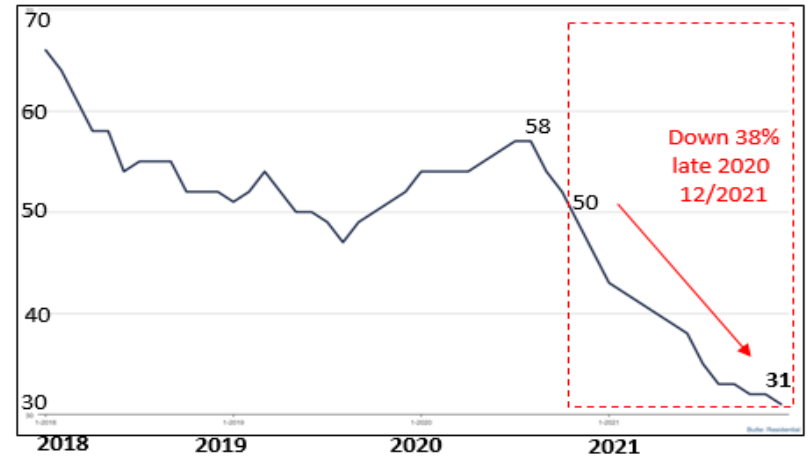
Source: Bureau of Labor Statistics

BUTTE AREA HOUSING MARKET

Months Supply of Properties for Sale - Butte Residential Homes

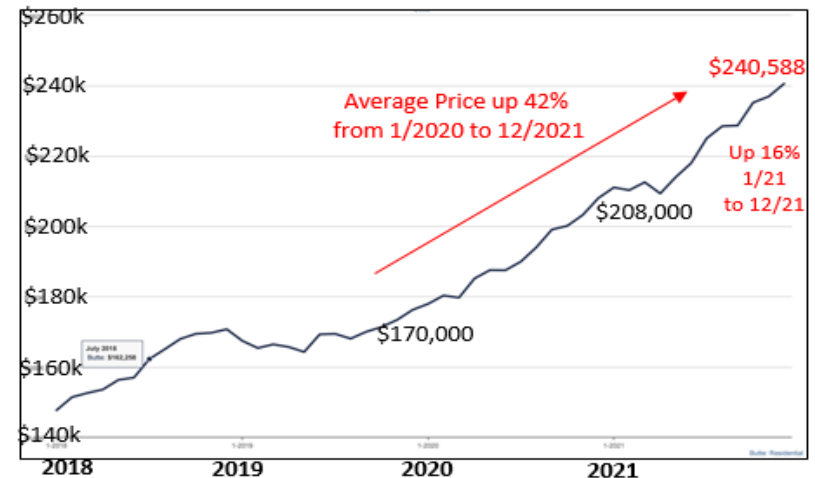


Average Days on the Market - Butte Residential Homes



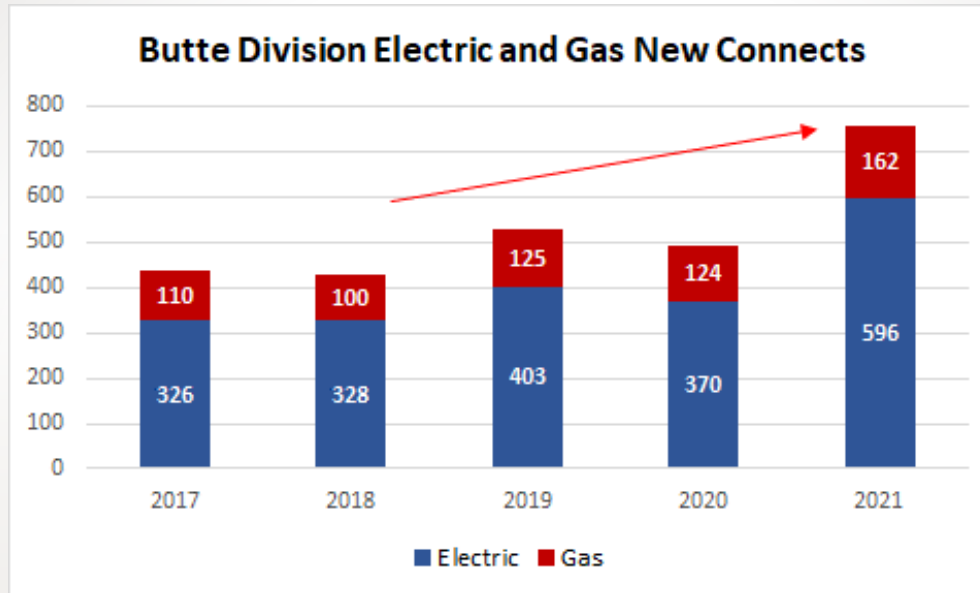
- Across MT and SW MT the housing market is tight.
- In MT overall housing hasn't kept pace with population growth, and less people-per-household fills more homes.
- Record low inventory of homes for sale.
- Low housing supply and pent-up demand put significant upward pressure on prices, reducing affordability.
- Although significantly impacted, the Butte market is in better shape than other areas of the state. Including SW MT with Madison, Gallatin, and Park counties, the average home sale price as of 12/21 was \$668,672. Butte's price on average was 64% less.

Average Sales Price - Butte Residential Homes



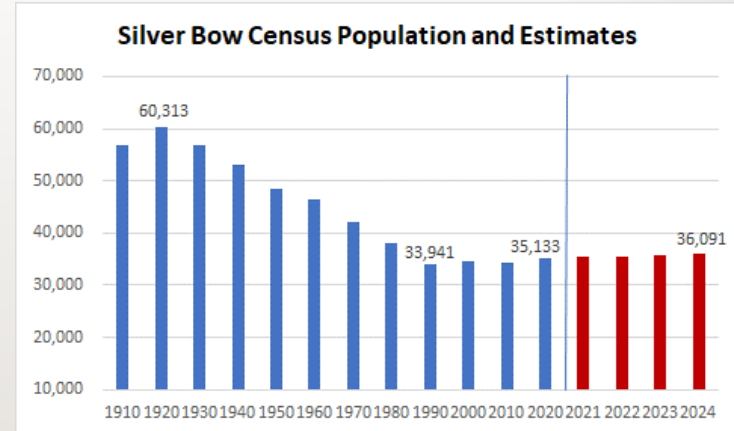
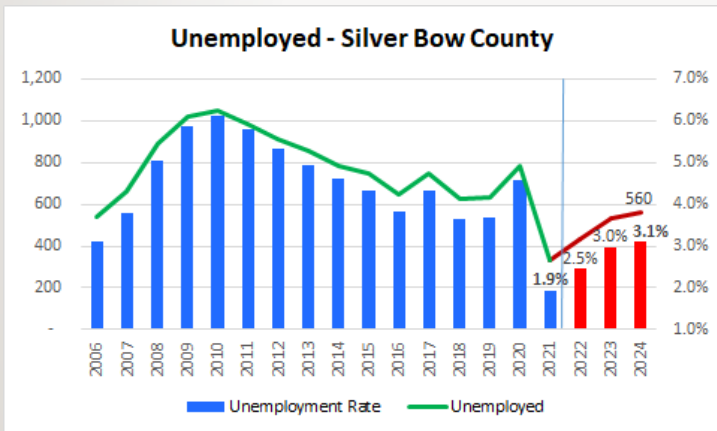
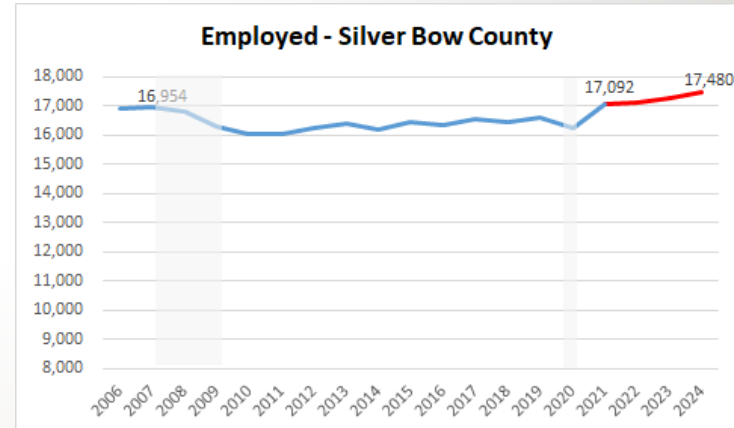
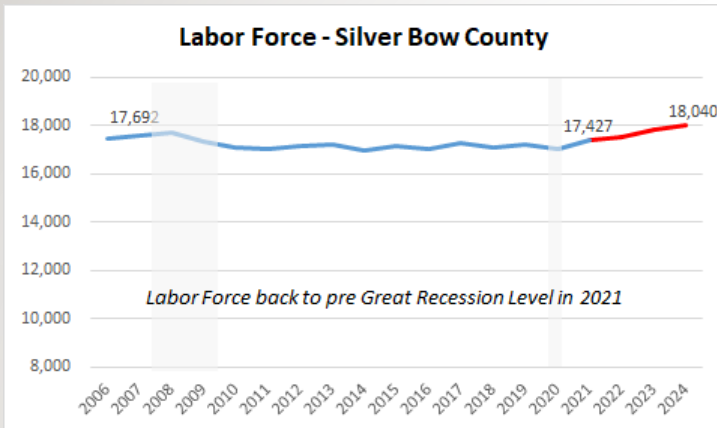
Source: Butte Realtors

NORTHWESTERN ENERGY NEW CONNECTS



- Butte Division covers most of the SW MT counties.
- Historically slow and steady growth in SW MT.
- New Connects for service accelerated in 2021, with electric increasing 226 or 61.1%, and gas increasing 38 or 30.6%.
- The Butte Division accounted for approximately 12% of the total company electric new connects and 6% of the total gas new connects in 2021.
- Overall faster growth in SW MT than historically.

SILVER BOW COUNTY AND OUTLOOK



- Tight labor market continues in 2022, and inflationary pressures modify but remain.
- New Covid variants and impacts to workers and supply chains is the big unknown going forward.
- Fiscal stimulus which helped drive spending, recovery, and growth is minimal in 2022 and going forward due to inflationary pressures. FED interest rate hikes will slow growth in 2022 and forward.

Source: Butte Realtors

SILVER BOW COUNTY AND OUTLOOK

- Workforce constraints continue to be a challenge and hinder growth going forward.
- Aging population and baby boom retirements hinder growth.
- Inflationary pressures increasing employers cost of goods at faster pace than price increases.

- Silver Bow County's major employers and the economy's diversification over the years has brought stability.

- Following acceleration and recovery in 2021, anticipating slow growth in 2022 in terms of employment and labor force. Possibly some stagflation due to workforce constraints, supply issues, and inflationary pressures.

- Uptown investments and resurgence continues.
- New housing developments.
- Growth at MT Connections Business Park continues.
- Health Care growth downtown with Nova Healthcare and ST.James clinics. Praxis development continues.
- Copper/Commodity prices remain high. Up 100% from trough in March-April 2020.
- NorthWestern Energy infrastructure investments continue.

- Poised for growth after 2022 assuming supply chain resolves and housing supply improves. Will take population movement to our area to support labor force growth.

Top Private Employers	
Business Name	Employment
Aware Inc.	100-249
BSW	100-249
Community Counseling & Correctional Service	100-249
Community Health Center	100-249
Copper Ridge Nursing and Rehabilitation Center	100-249
Easter Seals - Goodwill	100-249
Fairmont Hot Springs Resort	100-249
Montana Independent Living Project	100-249
Montana Precision Products	100-249
Safeway	100-249
Acadia Montana	250-499
Advanced Silicon Materials	250-499
Montana Resources	250-499
St James Healthcare	250-499
Wal-Mart	250-499
Northwestern Energy	500-999
Town Pump	500-999

Source: MT Dept. of Labor and Industry