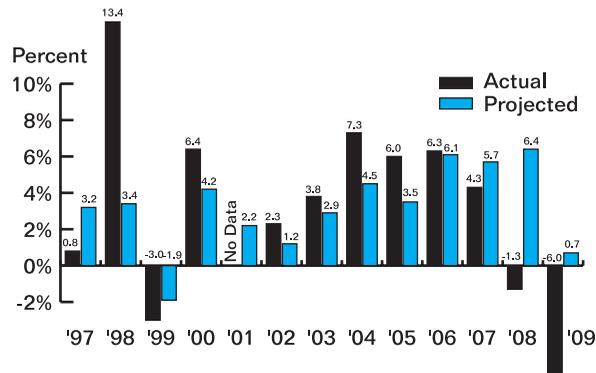


Flathead County

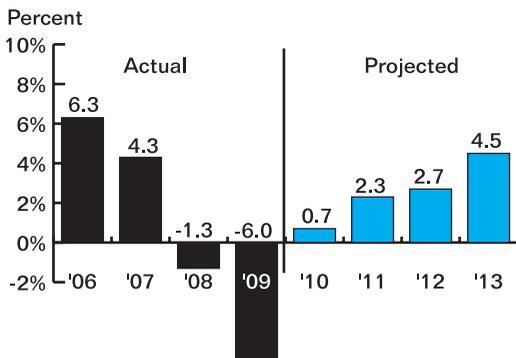
The Flathead economy is the epicenter of the recession in Montana. Preliminary data show that Flathead County employment had dropped by almost 9 percent by mid-2009, the greatest decrease of any of the major urban areas in Montana. The bad news began in early-2008 with the collapse of the high-flying construction and real estate industries. Then there were a seemingly endless series of cutbacks, shift reductions, and nearby shutdowns in the wood products industry. The national economy took its toll on the nonresident travel industry and manufacturing. Finally, there was the shutdown of the Columbia Falls Aluminum Company. On the positive side, the evolution of Kalispell into a regional trade and service center continues to be one of the growing sectors of the economic base. It will be at least mid-2013 before real nonfarm labor income (an overall measure of the economy) in Flathead County regains its 2007 peak. It will take even longer for employment to regain its pre-recession levels.

Figure 1
Actual and Projected Percent Change in Nonfarm Labor Income, Flathead County, 1997-2009



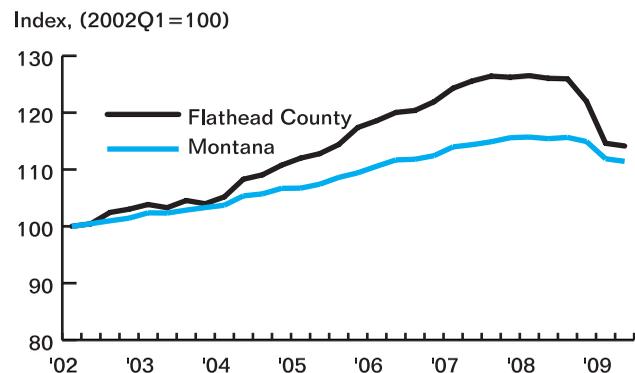
Sources: Bureau of Business and Economic Research, The University of Montana; Bureau of Economic Analysis, U.S. Department of Commerce.

Figure 2
Actual and Projected Percent Change in Nonfarm Labor Income, Flathead County, 2006-2013



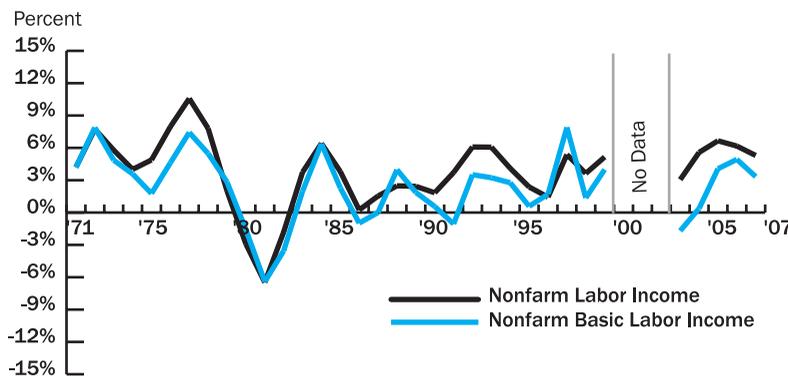
Sources: Bureau of Business and Economic Research, The University of Montana; Bureau of Economic Analysis, U.S. Department of Commerce.

Figure 3
Nonfarm Wage and Salary Employment, Montana & Flathead County, 2002 Q1 to 2009 Q2



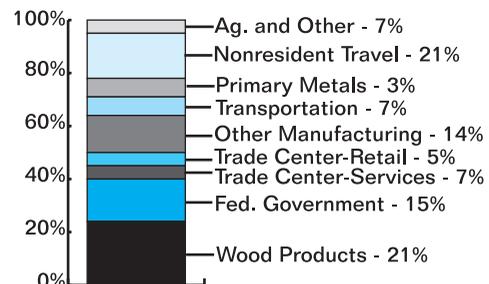
Note: Data seasonally adjusted by BBER.
Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

Figure 4
Nonfarm Labor Income and Nonfarm Basic Labor Income, Flathead County, Percent Change, 1971-2007 (In Constant Dollars)



Note: 1971-1999 are three-year averages. 2002-2007 are two-year averages.
Source: Bureau of Economic Analysis, U.S. Department of Commerce.

Figure 5
Labor Income in Basic Industries, Flathead County, 2007-2009 (Percent of Total)



Sources: Bureau of Business and Economic Research, The University of Montana; Bureau of Economic Analysis, U.S. Department of Commerce.