

Missoula County A New Growth Reality?

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This has been a long recession for the Missoula County economy. But the end may finally be in sight. The latest data for employment show definite growth during 2012 while corresponding figures for inflation-adjusted wages also turned upward, but with significant volatility. This follows three straight years of declines from 2007 to 2010 and only miniscule growth in 2011. Missoula’s average growth over the past decade was much slower than during the previous three decades.

The wood products industry was a major, but certainly not the only, culprit during this recession. Stimson Lumber Co.’s Bonner sawmill and plywood plant closed in 2007 and 2008. This was followed by the shutdown of the Smurfit Stone pulp and paper plant in Frenchtown. All together, the wood and paper industries lost about 1,000 jobs in Missoula County between 2004 and 2011.

Missoula’s construction industry plummeted, although not as much as in other areas in Montana which were more dependent on second-home and recreational building. The Great Recession was hard on retail trade, long a cornerstone of the Missoula economy. The longer term changes will be discussed shortly, but the big shockers were the closing of Macys downtown and the more recent shutdown of

Missoula County Profile	
Total Population, 2011	110,138
Percent Change in Population, 2000-2010	14.1%
Median Age, 2011	34.0
Percent 65 or Older, 2011	11.1%
Percent of Population with Bachelor's Degree or Higher, 2011	38.1%
Median Household Income, 2011	\$43,895
Percent of Population without Health Insurance Coverage, 2011	18.1%
Unemployment Rate, 2012	6.1%

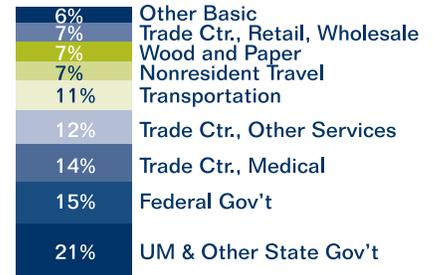
Sources: American Community Survey, U.S. Census Bureau; Research and Analysis Bureau, Montana Department of Labor and Industry.

K-Mart on the 93 Strip. Although in both cases, the immediate causes of the closings were a mixture of recession effects and changes in corporate priorities.

There have also been long-term structural changes in Missoula’s economic base. As recently as 2003, the wood and paper products industry accounted for a much larger share of basic earnings than The University of Montana. As shown in Figure 1, The University of Montana and other state agencies are now the largest basic industry and are roughly three times larger than wood and paper products. The University of Montana stands as one of the few basic industries (along with trucking and rail) to experience growth. The growth at UM was primarily due to outside-funded research rather than state-appropriated funds, and the impact of the recent enrollment decline is still uncertain.

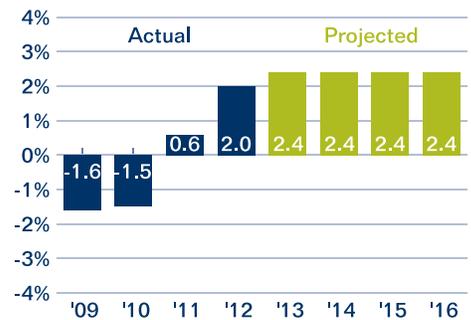
Missoula remains the trade and service center for western Montana, but the relative importance of retail trade has declined while the contribution of other services (which includes health care) has risen. This has sometimes been called the “Wal-Mart effect,” as this company has opened stores

Figure 1
Earnings in Basic Industries, Missoula County, 2010-2012, Percent of Total



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 Change in Nonfarm Earnings, Missoula County, 2009-2016



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

in smaller and smaller communities and decreased the need to travel to a regional center to shop. But it is more than just Wal-Mart as other retailers have done the same – witness the box stores on North 93 in Kalispell.

The forecast for 2013 includes both a new transportation equipment manufacturer and an end to the wage freeze for state employees. Overall, the Missoula economy is projected to grow about 2.4 percent per year between 2013 and 2016, slightly less than the statewide average. 13