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NEWS RELEASE

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HOUSING AND CONSTRUCTION WEAK SPOTS IN IMPROVING ECONOMY

MISSOULA –

The sounds of cement mixers, jackhammers and work trucks will be mostly absent again this summer, according to the latest issue of Montana Business Quarterly.

After enduring the broadest, deepest recession in 25 years, Montanans can expect to see more growth in the state economy later this year – but not in construction, author Patrick Barkey wrote in the article “Montana Outlook: Stronger Growth Ahead.”

“It will be another two years before we see anything resembling healthy demand for new homes,” said Barkey, director of The University of Montana Bureau of Business and Economic Research.

New construction of single-family homes is down at least 60 percent from prerecession peak values in every major Montana market except Helena and Butte, where declines averaged 20 percent, he said.

“Homebuilding won’t take off until prices stabilize,” Barkey said. “With prices in 2010 averaging 3 percent lower than year-ago levels, that day has not arrived yet.”

Housing remains the weak spot in an otherwise strengthening state economy, Barkey said. Beginning in the second half of 2011 and continuing into 2012, the Montana economy will turn in its best performance since 2006 because of several factors, including:

- Continued and expanded investment in the state's energy and natural resources infrastructure;
- Strong growth in farm receipts because of improved global market conditions;
- Growth in exports fueled by a weaker dollar;
- Continued strengthening in consumer spending in the national economy.

Other articles in the spring issue of Montana Business Quarterly include national, state and local economic forecasts, a housing market update, and a look at the state's major industries: travel and recreation, health care, agriculture, manufacturing and forest products.

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