Teton Valley 2020
Teton County Comprehensive Plan Update

Market Overview - DRAFT

July, 2011

Key Findings

- Between 2000 and 2010, total population in Teton County grew at an annualized pace of 5% per year, reflecting the addition of about 400 new residents per year, making Teton County the fastest growing county in the State of Idaho in that period.
- Assuming an average household size of 2.9, the above rate of population growth would drive average annual demand for about 140 new housing units per year over the past 10 years. Seasonal housing demand would be in addition to this core factor.
- Migration data suggests that across the county, patterns shifted beginning in 2004, with the flow of out-migrants increasing faster than the flow of in-migrants. This may relate to increasing seasonal housing demand.
- Through 2007, Teton County had sustained an enviable unemployment level, well below state and national levels. During the recession, however, unemployment rates peaked along with the rest of the country. Since 2011, unemployment has begun to improve, at a pace faster than the US.
- Analysis of relationships between building permits and lots platted, highlighted a dramatic oversupply in platted lots that began in 2006. Between 2006 and 2009, there were a total of 4,514 lots platted, representing a 12-year supply of lots at the 2000 to 2005 average rate of 380 platted lots per year. Between 2000 and 2010, the county saw an average of 229 residential unit permits per year.
- When National Park visitor data is overlaid with lodging tax data for Teton County, it would suggest that while the overall number of visitors to the two national parks has increased through 2010, Teton County's share of this growth has been limited. Reasons for the apparent disconnect would need to be further evaluated.
- Analysis of economic development opportunities focused on growth in financial services as well as Information and professional services. All three sectors grew in importance to the regional economy. Based on experience, companies in these sectors can operate anywhere, and are attracted to locations with attractive quality of life amenities. Further economic development research would be needed to refine opportunities in these sectors.

Introduction

As part of the Harmony Design & Engineering Team for the Teton County, Idaho Comprehensive Plan, AECOM Technical Services, Inc. (AECOM) undertook a series of analyses to frame and evaluate economic trends across Teton County, benchmarked against state and national measures for perspective. Key metrics included in this assessment include population, employment, unemployment, in-migration, and location quotients. Visitor markets were evaluated, covering attendance at key attractions, such as at Yellowstone National Park, for example, as well as lodging sales tax collections. Data sources included in the effort include the US Census, the US Bureau of Labor Statistics (BLS), and the State of Idaho Department of Commerce.

Population Trends

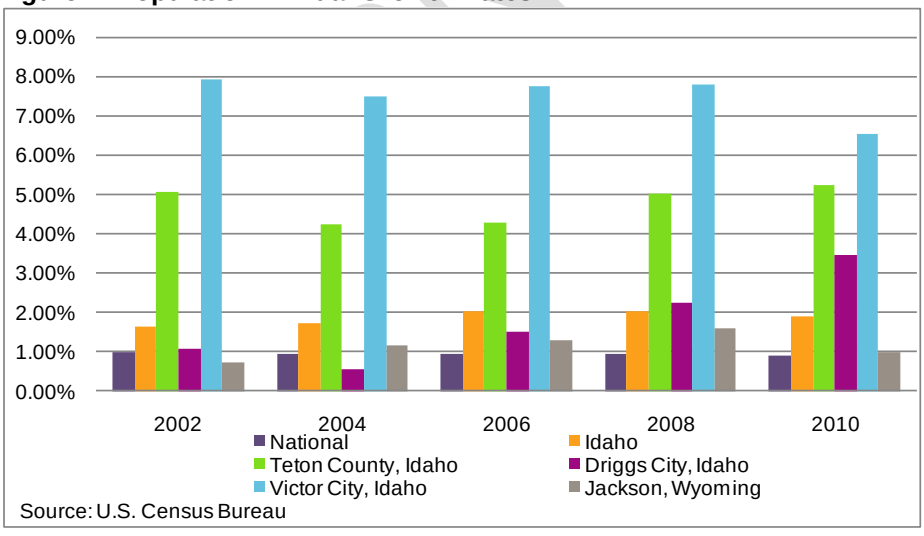
The following table and chart summarize population changes from 2000 to 2010 for units of government in Teton County, the State of Idaho and the US, according to BLS. As of 2010, Idaho has an estimated population of 1,567,582 residents, which is reflective of 21.1 percent annualized growth from 2000. The state ranked as the fourth fastest growing state for population growth in the country. Beginning in 2010, the pace of growth slowed as the recession reduced migration to the state.

Table 1: Population

Geography	2000	2002	2004	2006	2008	2010
National	282,171,957	287,803,914	293,045,739	298,593,212	304,374,846	308,745,538
Idaho	1,299,551	1,342,149	1,391,718	1,464,413	1,527,506	1,567,582
Teton County, Idaho	6,100	6,733	7,204	7,846	9,032	10,170
Driggs, Idaho	1,179	1,205	1,205	1,289	1,408	1,660
Victor, Idaho	1,024	1,193	1,368	1,602	1,867	1,928
Jackson, Wyoming	8,681	8,806	9,085	9,378	9,861	9,577

Source: Bureau of Labor Statistics

Figure 1: Population Annual Growth Rates



Between 2000 and 2010, the population of Teton County has grown faster than any other county in Idaho, increasing by 70 percent total from 6,100 to 10,170 residents. According to Idaho Department of Labor, Teton County has attracted many second homeowners near the Wyoming tourist locations of Jackson Hole and Grand Targhee Ski Resort. Many workers of Wyoming businesses commute from

Teton County, Idaho. Lastly, population growth rates for the incorporated Cities of Driggs, Victor and Jackson are below the growth rates for Teton County and the State of Idaho in the past ten years.

Regional Market Perspective

The following table summarizes broader metrics for 50 and 100 mile rings beyond Teton County. The analysis speaks to a broad market within 100 miles covering about 375,000 residents, as reported by Esri Business Systems. Data is based on actual US Census data for 2000, combined with estimates for 2010 and 2015. Although the US Census has released county level information for 2010, underlying tract and block group data is still being generated.

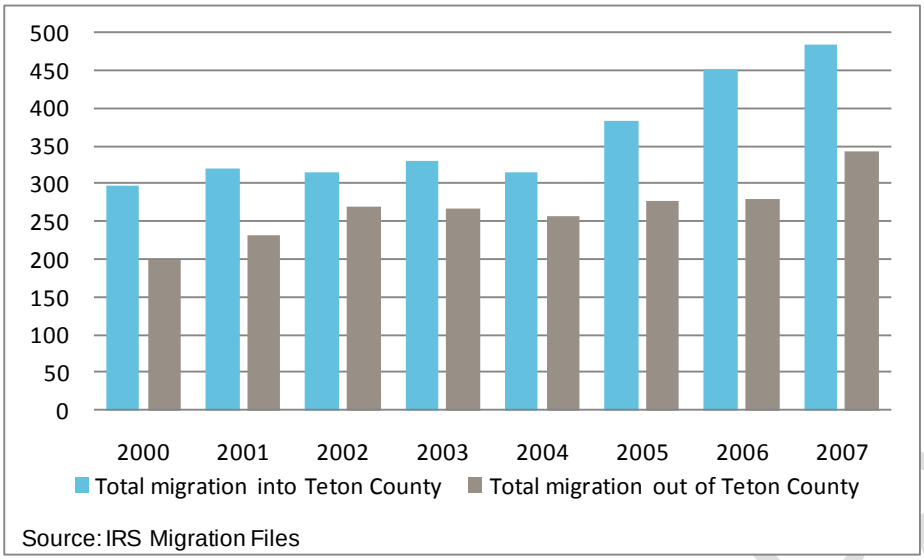
Table 2: Market Area Demographic Estimates

Population Summary	50 Miles	100 Miles
2000 Total Population	162,808	311,853
2010 Total Population	209,502	374,264
2015 Total Population	232,295	406,193
2000 Households	54,815	107,078
2010 Households	71,599	130,470
2015 Households	79,801	142,341
2000 Housing Units	63,674	123,395
Owner Occupied Housing Units	61.6%	62.8%
Renter Occupied Housing Units	24.5%	23.9%
Vacant Housing Units	13.9%	13.3%
2010 Housing Units	83,897	152,507
Owner Occupied Housing Units	60.7%	61.5%
Renter Occupied Housing Units	24.7%	24.1%
Vacant Housing Units	14.7%	14.4%
Median Household Income		
2000	$41,048	$38,916
2010	$53,523	$50,542
Per Capita Income		
2000	$18,551	$17,487
2010	$23,398	$22,166

Migration Data

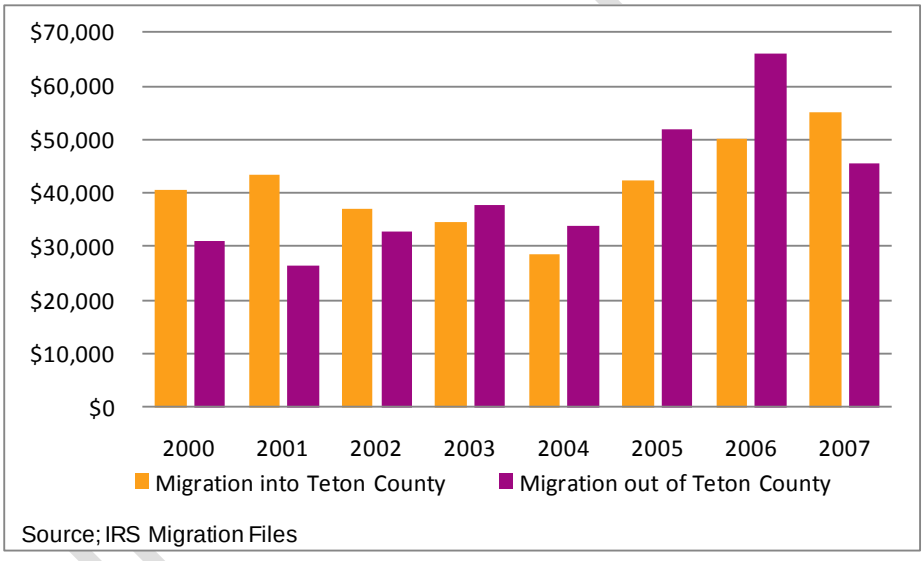
The two figures below illustrate the migration trends for Teton County from 2000 to 2007, according to IRS Migration Data. Numbers of both households migrating into Teton County and out of Teton County remain stable before 2005, but numbers of households migrating into Teton County started to increase from 2005 to 2007. In-migration from other US states into Teton County is much bigger than out-migration, and the difference has increased since 2005.

Figure 2: Total migration into/out of Teton County



The Figure below summarizes average adjusted income growth for in-migrants and out-migrants of Teton County from 2000 to 2007. People who migrate into Teton County during 2000 and 2002 had higher incomes than that of who left. This situation reversed since 2003 and the difference became greater through 2006.

Figure 3: Average Adjusted Income Growth, IRS Tax Files

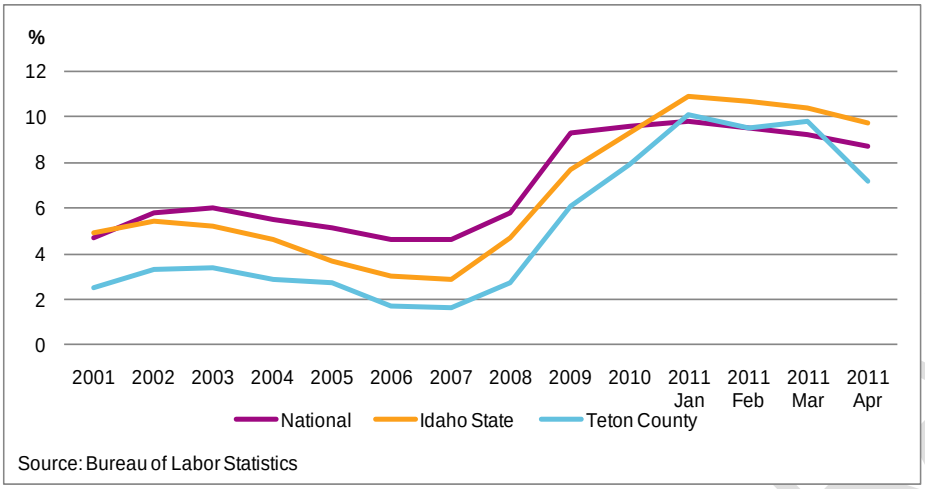


Unemployment Trends

The following chart summarizes unemployment rate changes between 2000 and 2011 according to the US Bureau of Labor Statistics for Teton County, the State of Idaho, and the United States. The figure below shows that there has been a decline in employment across the nation during 2007-2010. However, both the State of Idaho and Teton County have lower unemployment rates compared to the U.S. before 2010 but topped the national rate for the first time in 2010, reached their highest

unemployment rates on record. However, data in this chart point out a continued gradual decrease in the unemployment rate since the beginning of 2011.

Figure 4: Unemployment Growth Rates



Source: Bureau of Labor Statistics

Teton County has had one of the lowest unemployment rates in the state, dipping to 1.5% in 2007. The rate has been significantly below both the state and national rates. According to the Idaho Department of Labor, a portion of the county's employment is seasonal and dependent on tourism. From 2008 to the end of 2010, unemployment rate increased significantly and reached historical highs.

On the state level, the labor force in Idaho increased 14.3% in the last ten years, despite a decline in 2008 and 2009. From 2006 to 2010, the rate of unemployment in Idaho has tripled, continued to increase through 2009, and reached its peak in December 2010 at 9.7%. The national unemployment rate from 2000 to 2010 stayed relatively steady until it changed sharply when the economic recession began in late 2007. Since late 2010, the national employment situation started to improve but at a sluggish rate.

Employment by Sector Trends

The tables below summarize employment by sector changes between 2001 and 2009 according to BLS for Teton County, the State of Idaho, and the United States. Although the absolute changes in job levels are not comparable, the compound annual growth rates (CAGR) are. For Teton County, the table below speaks to a region which managed to avoid the worst aspects of the recession through 2009, with employment growth of 6.2% per year. Comparative metrics for the State of Idaho are 0.9% growth, and for the US a decline of -0.3%, annualized.

Table 3: Employment by Sector Trend, Teton County, 2001 to 2009

Industry Sector	2001	2009	CAGR
Natural Resources and Mining	135	132	-0.3%
Construction	230	413	7.6%
Manufacturing	76	100	3.5%
Trade, Transportation, and Utilities	362	461	3.1%
Information	33	61	8.0%
Financial Activities	55	142	12.6%
Professional and Business Services	131	371	13.9%
Education and Health Services	72	126	7.2%
Leisure and Hospitality	220	330	5.2%
Other Services	49	68	4.2%
Base Industry: Total, all industries	1,363	2,203	6.2%

Source: Bureau of Labor Statistics

In Teton County, covered employment trends since 2001 reflect the region's evolving economic base. The job market has been recovering, but varies noticeably across industries. Employment has grown in professional and business services, financial activities, education and health services. While construction employment is shown as growing through 2008, data for the intervening years would suggest that employment in this sector peaked in 2008 and has decreased to the noted level in 2009. Construction also continues to drive employment through 2009.

Table 4: Employment by Sector Trend, State of Idaho, 2001 to 2009

Industry Sector	2001	2009	CAGR
Natural Resources and Mining	21,810	24,466	1.4%
Construction	37,851	34,437	-1.2%
Manufacturing	68,380	54,765	-2.7%
Trade, Transportation, and Utilities	115,723	121,293	0.6%
Information	9,598	10,056	0.6%
Financial Activities	23,128	27,691	2.3%
Professional and Business Services	67,653	75,654	1.4%
Education and Health Services	54,499	77,555	4.5%
Leisure and Hospitality	53,049	58,631	1.3%
Other Services	14,745	15,624	0.7%
Base Industry: Total, all industries	466,581	500,194	0.9%

Source: Bureau of Labor Statistics

Within the State of Idaho, employment growth rates remain slow. On one hand, growth took place in Financial Activities and Education & Heath Services and added 2.3% and 4.5% gain on employment from 2001 to 2009. On the other hand, construction and manufacturing sectors experienced diminished employment with a CAGR of -1.2% and 2.7% respectively.

Table 5: Employment by Sector Trend, United States, 2001 to 2009

Industry Sector	2001	2009	CAGR
Natural Resources and Mining	1,705,759	1,783,558	0.6%
Construction	6,773,512	5,948,837	-1.6%
Manufacturing	16,386,001	11,810,371	-4.0%
Trade, Transportation, and Utilities	25,648,091	24,651,647	-0.5%
Information	3,591,995	2,807,721	-3.0%
Financial Activities	7,678,974	7,589,821	-0.1%
Professional and Business Services	16,324,890	16,488,835	0.1%
Education and Health Services	14,849,666	18,321,635	2.7%
Leisure and Hospitality	11,884,966	13,001,028	1.1%
Other Services	4,206,345	4,369,780	0.5%
Base Industry: Total, all industries	109,304,802	106,947,104	-0.3%

Source: Bureau of Labor Statistics

On the national level, the job market has been recovering, but growth rates remain sluggish. Education and Health services industries added 2.7% nationally. In the education sector, the increase may come from post secondary education institutions like colleges and universities, which partly reflects the greater demand for high level education. The health care section also added employment across the nation, reflecting the ongoing trend of the aging of baby boomers and the shortage of health care professionals. Employments in manufacturing and information show negative growth rates with CAGR of -4.0% and -3.0% respectively.

Building Permit and Lot Platting Information

Trends for platted lots across Teton County have been a key concern for this study. The analysis shows that lot platting unfolded at a historic pace between 2003 and 2008. Prior to 2000, the county platted approximately 113 new lots per year. From 2001 to 2011, the average increased to over 550 lots per year platted. Acreage consumed through platting also exploded, growing from an average of 300 acres per year prior to 2000, to a total of 2,244 acres per year, on average after 2001. The number of unsold lots also increased, growing from an average of 95 per year before 2001, to 162 per year on average, after 2001. These trends are reflected below.

Figure 5: Platted Lot Trends for Teton County, 1968 to 2011

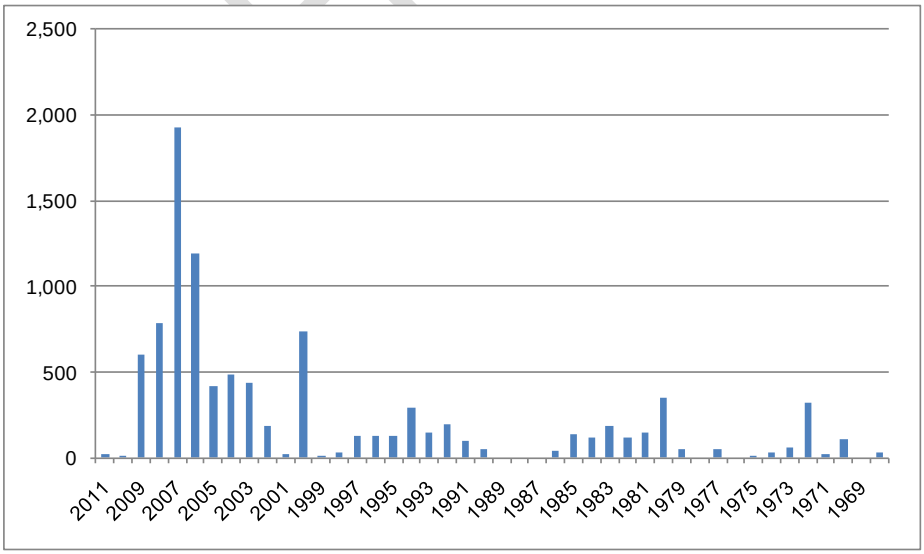
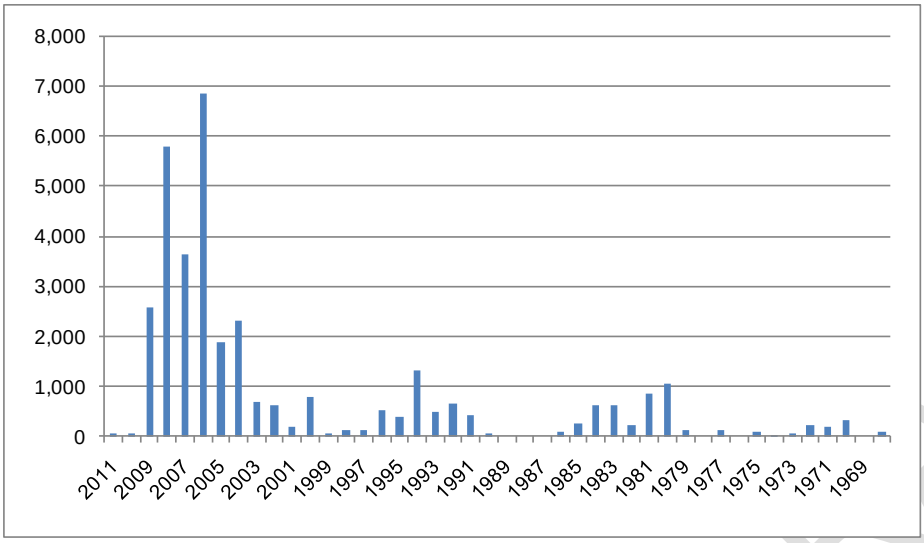
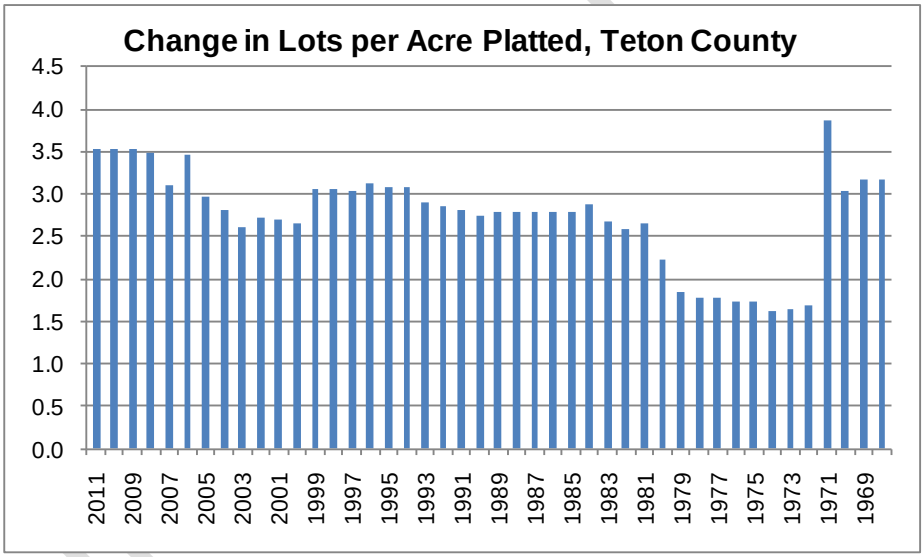


Figure 6: Acres in Platted Lots, 1968 to 2011



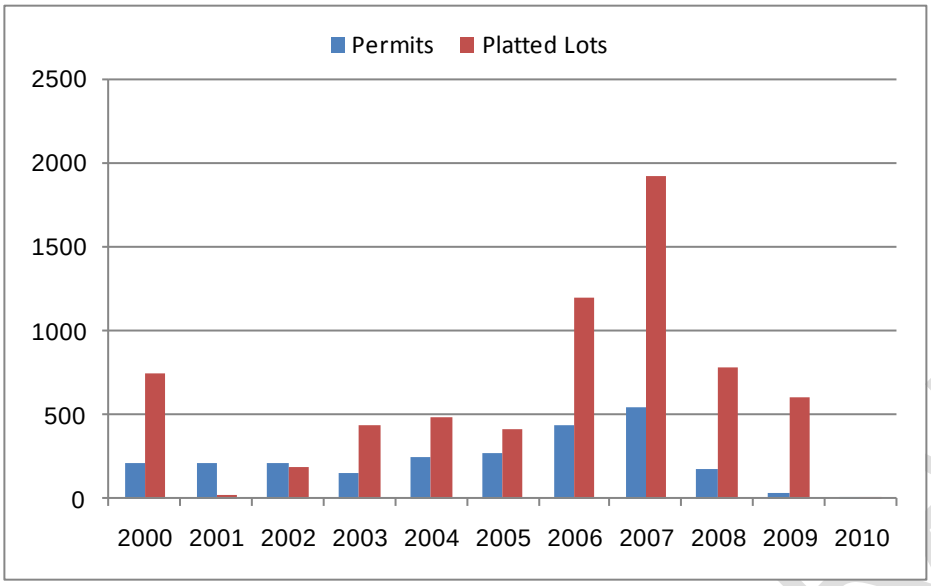
The figure below highlights trends regarding the number of platted lots per acre since 1969. The chart shows that overall densities have generally increased over the past 20 years, increasing to the current level of 3.5 units per acre.

Figure 7: Acres in Platted Lots, 1968 to 2011



The figure below summarizes residential unit permit trends for Teton County going back to 2000, compared to the trend for lots platted. The figure speaks to the dramatic oversupply in platted lots that began in 2006. Between 2006 and 2009, there were a total of 4,514 lots platted, representing a 12 year supply of lots at the 2000 to 2005 average rate of 380 platted lots per year.

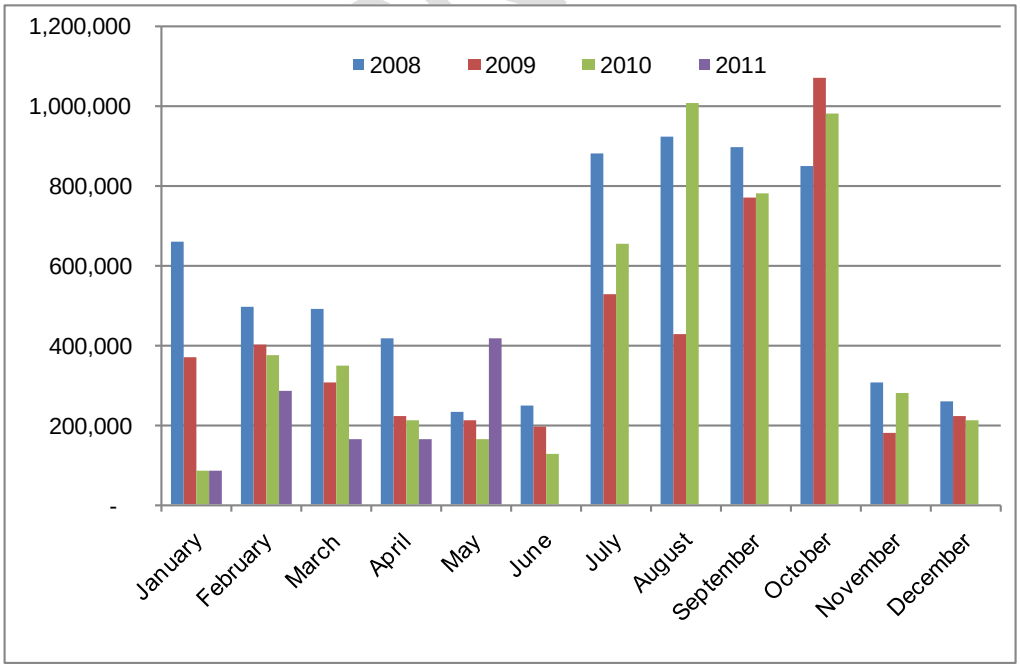
Figure 8: Comparison of Building Permits and Platted Lots, Teton County



Visitation Market Trends

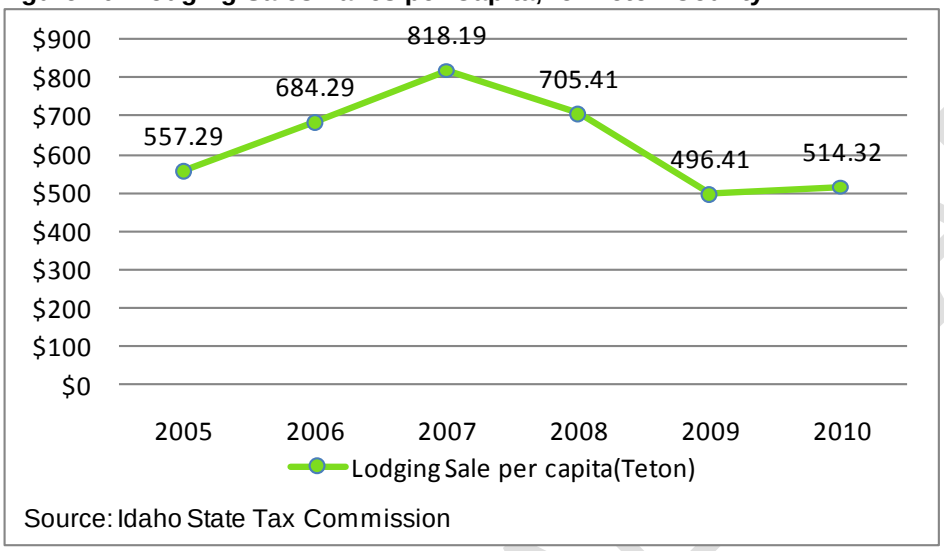
The following figure below summaries changes in lodging sales taxes by month for Teton County. The figure shows that, on a monthly basis, visitation to Teton County accommodations appears down solidly for the January to March period for 2008 to 2011, with an initial sign of improvement emerging in April and May of 2011 over past years. Looking back to 2010 data, visitation did improve through the core summer season over 2009 levels, with October being the one month that appears immune to broader recessionary impacts. Attendance for May of 2011 is the highest over the past four years.

Figure 9: Lodging Sales Taxes by Month for Teton County



The following charts show the year by year trends for lodging sales taxes per capita for Teton County and the State of Idaho, dividing tax proceeds into the county and state populations. Sales taxes for Teton County on a per capita basis are far above the state average. Tax collections have increased from $557.29 in 2005 to a peak at $818.19 in 2007, following by decline to $496.41 in 2009. Even though the number went back to $514.32 in 2010, the recovery is sluggish and below the level in 2005. Overall, lodging sales taxes per capita for the State of Idaho are recovering faster than that of Teton County, which is notable.

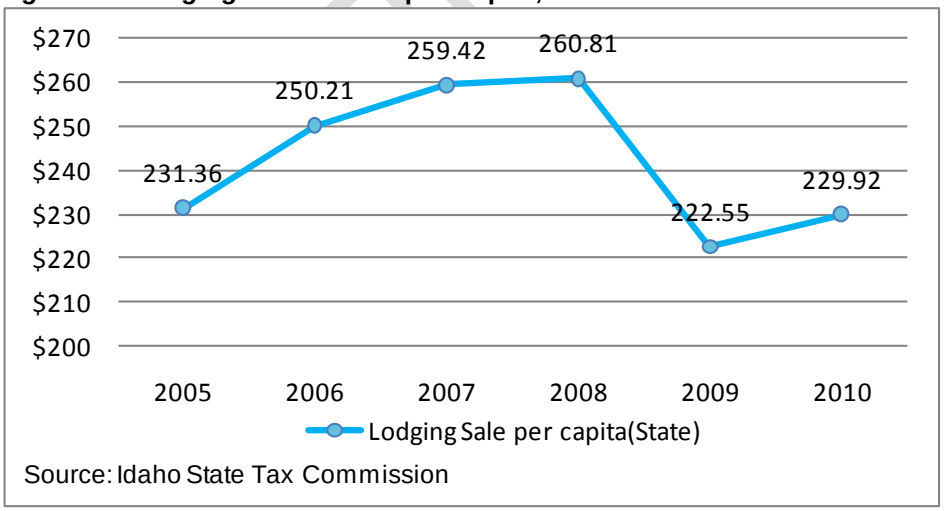
Figure 10: Lodging Sales Taxes per Capita, for Teton County



Source: Idaho State Tax Commission

The state experienced strong growth before 2008 and reached its highest point at $260.81 at that time. By 2009, however, lodging sales taxes dropped noticeably to the lowest point at $222.55, before starting to recover in 2010, almost recovering to 2005 levels.

Figure 11: Lodging Sales Taxes per Capita, State of Idaho



Source: Idaho State Tax Commission

The following table shows the lodging sales taxes rank in 2009 according to the US Census Bureau and Idaho State tax commission. Teton County ranked fourth, which speaks to the relative importance of the visitor industry to this county.

Table 6: Lodging Sales Taxes per Capita Rank (2009)

Rank	Counties	Population	Lodging Sales Taxes	Lodging Sales Taxes per Capita
1	Valley County	8,726	$11,718,140	$1342.89
2	Blaine County	22,328	$28,915,844	$1295.04
3	Custer County	4,240	$4,499,420	$1,061
4	Teton County	9,337	$4,917,232	$526.63
5	Fremont County	12,691	$6,077,428	$478.87
6	Shoshone County	12,660	$5,093,468	$402.32
7	Bonner County	41,403	$15,636,615	$377.66
8	Kootenai County	139,390	$50,072,010	$359.22
9	Lemhi County	7,908	$2,701,019	$341.56
10	Boundary County	10,951	$3,677,363	$335.80
11	Bear Lake County	5,774	$1,866,999	$323.34
12	Idaho County	15,461	$4,787,263	$309.63
13	Clearwater County	8,043	$2,480,083	$308.35
14	Bonneville County	101,329	$29,052,527	$286.71
15	Bannock County	82,539	$21,355,172	$258.72

Source: U.S. Census Bureau and Idaho State Tax Commission

Visitor Attendance

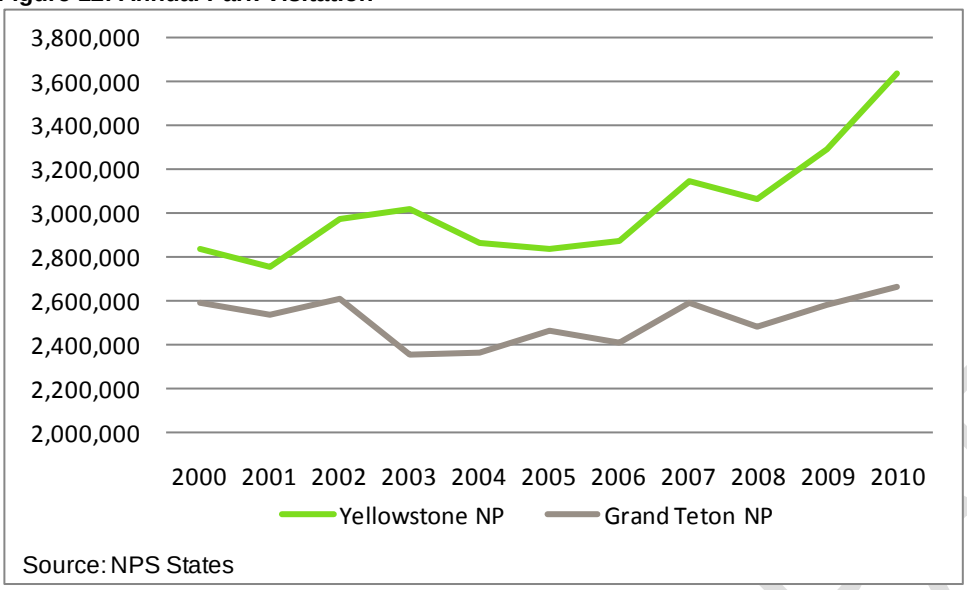
The following figure and table summarize the total number of recreational visitors in Yellowstone National Park and Grand Teton National Park every year from 2000 to 2010 as reported by the National Park Service. In this time period, total visitation for the parks increased from 5.4 million to 6.3 million, reflective of 1.5% growth on an annualized basis. While growth at Grand Teton has been largely flat over this period, visitation to Yellowstone has increased from around 3 million in 2008 to more than 3.6 million in 2010.

Table 7: Annual Park Recreational Visitation

Year	Yellowstone NP	Grand Teton NP	Total
2000	2,838,233	2,590,624	5,428,857
2001	2,758,526	2,535,108	5,293,634
2002	2,973,677	2,612,629	5,586,306
2003	3,019,375	2,355,693	5,375,068
2004	2,868,317	2,360,373	5,228,690
2005	2,835,651	2,463,442	5,299,093
2006	2,870,295	2,406,476	5,276,771
2007	3,151,343	2,588,574	5,739,917
2008	3,066,580	2,485,987	5,552,567
2009	3,295,187	2,580,081	5,875,268
2010	3,640,185	2,669,374	6,309,559

Source: NPS

Figure 12: Annual Park Visitation



Source: NPS States

When the national park visitor data is overlaid with the lodging tax data for Teton County, it would suggest that while the overall number of visitors to the two national parks has increased through 2010, Teton County's share of this growth has been limited. Reasons for the apparent disconnect would need to be further evaluated.

Economic Development Opportunities

A location quotient is the calculated ratio between local employment and the employment level of some reference unit, typically a state or the entire US. The location quotient ratio is calculated for each industrial sector to determine whether or not the local economy has a greater percentage share of that industry sector than expected. If an industry has a greater share than expected of a given industrial sector (i.e. ratio >1.0), then that industry employment is assumed to be a core or "destination" sector because those jobs are above what a local economy should have to serve local needs. For sectors with a location quotient below 1.0, they are assumed to be underdeveloped, relative to the larger benchmark.

The following tables highlight the resulting location quotient analysis for Teton County and the State of Idaho, both benchmarked against the US employment totals for 2001 and 2009. The analysis is useful in framing how each sector changed over the noted period. The table for Teton County reinforces the importance of natural resources and mining to the county, although the location quotient has dropped significantly since 2001, falling from 6.35 to 3.59. Other sectors for which the location quotient improved since 2001 include construction (at least through 2009), as well as professional and business services, financial services, and information services. These specific sectors are notable, in that they can locate just about anywhere, but typically chose environments like Teton County due to the presence of outdoor amenities. Manufacturing is notable in that the location quotient did increase through 2009, speaking to growth in this sector which will need to be better understood.

Table 8: Teton County Location Quotient Trend, 2001 to 2009

Industry Sector	2001	2009	CAGR
Natural Resources and Mining	6.35	3.59	-6.9%
Construction	2.72	3.37	2.7%
Manufacturing	0.37	0.41	1.3%
Trade, Transportation, and Utilities	1.13	0.91	-2.7%
Information	0.74	1.05	4.5%
Financial Activities	0.57	0.91	6.0%
Professional and Business Services	0.64	1.09	6.9%
Education and Health Services	0.39	0.33	-2.1%
Leisure and Hospitality	1.48	1.23	-2.3%

Source: Bureau of Labor Statistics

As the team moves into further analysis of market positioning and economic development questions for Teton County, the analysis will need to focus on several questions:

- Growth in financial services is significant. The analysis will need to understand if this sector is largely feeding the growing resident market, or if there is a broader market opportunity.
- Information sector growth has passed the critical 1.0 threshold, suggesting that employment is more than would otherwise be expected. More research is needed to understand the specific companies that makeup this sector and their growth.
- Similarly to Information, the professional services sector also needs to be further evaluated.

The following table highlights a similar location quotient trend for the State of Idaho. The table speaks to notable differences across the state, with location quotient decreases for natural resources and construction, as well as trade, transportation, and utilities, as well as leisure and hospitality. On an annualized basis, the decreases noted for the state were lower than the decreases noted for Teton County. Also, the professional service sectors noted above are clearly more important to Teton County then they are to the state of Idaho (information at 1.05 versus 0.77 for the state).

Table 9: State of Idaho Location Quotient Trend, 2001 to 2009

State of Idaho	2001	2009	CAGR
Natural Resources and Mining	3	2.93	-0.3%
Construction	1.31	1.24	-0.7%
Manufacturing	0.98	0.99	0.1%
Trade, Transportation, and Utilities	1.06	1.05	-0.1%
Information	0.63	0.77	2.5%
Financial Activities	0.71	0.78	1.2%
Professional and Business Services	0.97	0.98	0.1%
Education and Health Services	0.86	0.91	0.7%
Leisure and Hospitality	1.05	0.96	-1.1%

Source: Bureau of Labor Statistics

Benchmark Community Location Quotient

The following analysis focuses on two other county markets that are possible benchmarks for Teton County, ID. Grand County, Colorado includes the Town of Granby, and is located on the western approach to Rocky Mountain National Park in Colorado. Grand Traverse County, MI includes the City of Traverse City, Michigan. San Miguel County includes Telluride Resort, and Routt County includes Steamboat Springs Resort, both in Colorado. The unique aspect of Grand Traverse County is the notable concentration of professional services and finance and insurance firms who have located there. The following tables break down location quotients for these markets for 2001 and 2010,

compared to Teton County, ID. The table below looks at 2001 data. Key elements include the importance of leisure and hospitality in all four markets, particularly Granby, with a much lower factor (1.48) for Teton County. The importance of education and health care also stands out in Grand Traverse County, MI. Teton County stands out again for mining and natural resources.

Table 10: Benchmark Location Quotient Trends, 2001

Industry	Grand Traverse Co., MI	Grand Co, CO	Teton Co., Id	San Miguel Co., CO	Routt Co., CO
Natural Resources and Mining	0.92	0.21	6.35	0.51	2.89
Construction	1.27	1.99	2.72	3.12	3.19
Manufacturing	0.97	0.1	0.37	0.18	0.07
Trade, Transportation, and Utilities	1.03	0.68	1.13	0.53	0.82
Information	0.68	0.28	0.74	0.66	0.52
Financial Activities	0.81	1.59	0.57	1.53	1.03
Professional and Business Services	0.61	0.27	0.64	0.42	0.45
Education and Health Services	1.31	0.21	0.39	0.18	0.63
Leisure and Hospitality	1.27	4.29	1.48	3.48	2.55

Source: Bureau of Labor Statistics

For 2010, Teton County stands out in terms of growth achieved in the noted professional services sectors, particularly financial services and information, both saw location quotient increases in Teton compared to the other identified markets. Developing strategies to encourage further growth in these sectors should be a priority.

Table 11: Benchmark Location Quotient Trends, 2010

Industry	Grand Traverse Co., MI	Grand Co, CO	Teton Co., ID	San Miguel Co., CO	Routt Co., CO
Natural Resources and Mining	0.84	1.16	3.59	0.47	3.22
Construction	0.95	2.27	3.37	2.6	2.05
Manufacturing	0.93	0.18	0.41	0.23	0.09
Trade, Transportation, and Utilities	1.01	0.73	0.91	0.57	0.88
Information	0.94	0.2	1.05	0.82	0.55
Financial Activities	0.89	1.27	0.91	1.12	1.13
Professional and Business Services	0.58	0.36	1.09	0.52	0.59
Education and Health Services	1.41	0.22	0.33	0.33	0.64
Leisure and Hospitality	1.19	3.77	1.23	3.3	2.26

Source: Bureau of Labor Statistics