

# LATAH COUNTY REGION ECONOMIC VITALITY REPORT



PARTNERSHIP  
for  
ECONOMIC  
PROSPERITY

## ACKNOWLEDGEMENTS

We would like to express our sincere appreciation to the following entities and people.

**The City of Moscow** – Bill Belknap

**Latah County** – Michelle Fuson

**The University of Idaho** – Jeremy Tamsen, Jana Jones

**Economic Modeling Specialists International** – Josh Wright and Alivia Metts

**PEP Board of Directors** – Dan Ewart, Paul Kimmell, Gary Riedner Kathie LaFortune, and Brad Flodin

On behalf of the Partnership for Economic Prosperity Board of Directors, I respectfully submit this report on April 25, 2019.

Gina Taruscio, Executive Director

## KEY CONCLUSIONS

### Idaho and the Statewide Economy

- According to the Bureau of Labor Statistics, Idaho's unemployment rate dropped to 2.6 percent as of December 2018.
- Job gains in Idaho have been concentrated disproportionately in urban counties, according to the Idaho Department of Labor. Urban counties are those in which the largest city has more than 20,000 residents. Latah County is considered urban.
- From 1980 to 2016, employment in urban Idaho grew by 119 percent, compared to 73 percent in commuting counties (counties in which at least 25% commute to an urban center to work), according to the US Census Bureau.
- Migration patterns, according to the Idaho Department of Labor, have seen a steady stream of working-age residents leaving rural counties in favor of cities, while retirement-age residents move in to replace them.
- Housing continues to be an issue across the state, according to the US Census Bureau, only five of the counties in Idaho can claim less than 35 percent of their renting households qualify as cost burdened, while 11 counties have cost burden rates exceeding 50 percent.

### Latah County and the Regional Economy:

- Latah County population projections estimate 1% growth between the present and 2026, however, in 2017, Latah County grew by 3.1%, and as of October 2018, Latah County had experienced a 3.4% growth since 2013, adding 1287 people. Population projections have been adjusted to 2.1% growth between 2018 and 2023.
- Unemployment rates reached a new low of 2.6%, but a more thorough understanding of the complexity of unemployment as it pertains to an aging population is essential. The influx of the retirement-age demographic into rural communities can skew unemployment numbers, showing a higher number of unemployed people in a community, while the number of people actively seeking jobs may not have changed.
- The industries experiencing growth in Latah County are Government, adding 216 jobs since 2013, Accommodation and Food Services, adding 193 jobs, Professional, Scientific and Technical Services, adding 126 jobs, Educational Services, adding 105 jobs, and, a new addition to the top five, Construction, adding 70 jobs.
- Retail trade, one of the top five growth industries in Latah County in the past five years, experienced a 1% drop (22 jobs), Finance and Insurance dropped 9% (25 jobs), Agriculture, Forestry, Fishing and Hunting dropped 13% (13 jobs), and quite dramatically, Transportation and Warehousing lost 31 jobs, or 29% since 2013.

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### **An Economic Analysis of Latah County and the Surrounding Region**

The Partnership for Economic Prosperity (PEP), the economic development organization for Latah County, Idaho, is pleased to present the 2019 Latah County Region Economic Vitality Report. It is the purpose of this report to provide a snapshot of local economic conditions and multi-year trends for workforce and labor, industry sector activity, retail sales, residential housing, income, and regional economic concerns. The report will highlight that Latah County has much to offer to current and prospective businesses and will also highlight some areas of seemingly negative data. We see these areas as room for improvement and potential growth. We believe that the power is in identifying these current threats to Latah County vitality so as to inform and empower future economic development strategies. PEP has used the most recent data available and will strive to keep this document relevant and in step with our vibrant Latah County. While in a complete form herein, this will remain a dynamic document and we encourage you to look for updates on the PEP website at [www.pepedo.org](http://www.pepedo.org).

For the purpose of this report, the economic context for the County of Latah will include Genesee, Deary, Juliaetta, Kendrick, Bovill, Troy, Potlatch, Onaway, and Moscow. Aggregated data, wherever available, will be included for the unincorporated cities of Avon, Cedar Creek, Farmington, Harvard, Helmer, Howell, Joel, Princeton and Viola.



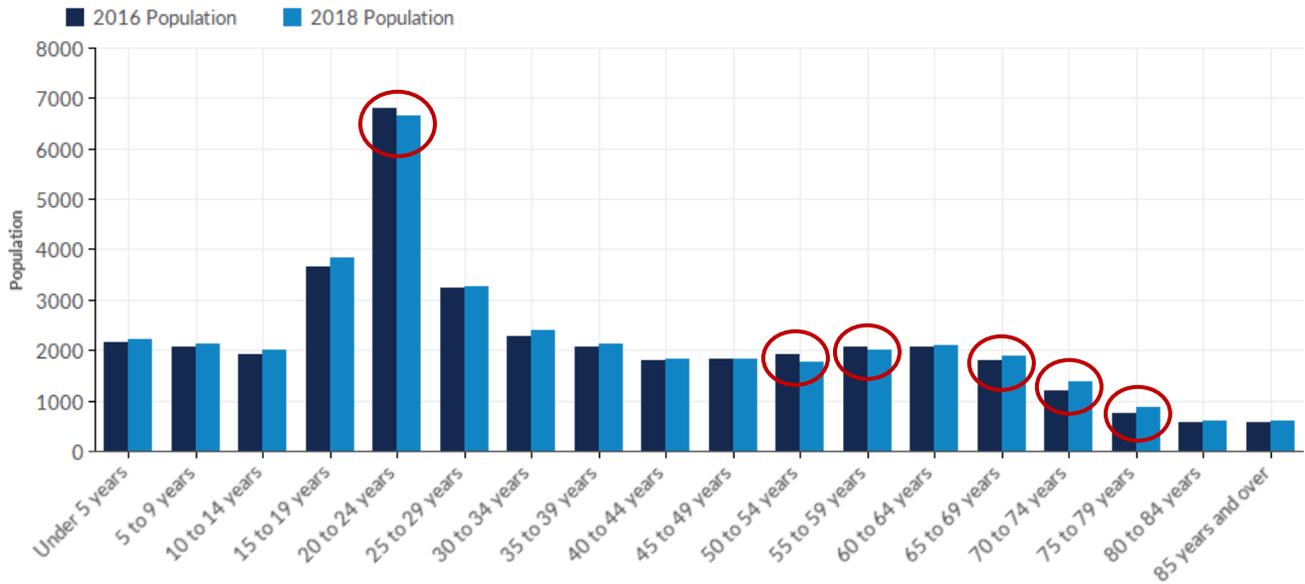
## 1. LATAH COUNTY DEMOGRAPHICS

### 1.1 Population

Economic Modeling Specialists, Inc. (EMSI), an economic consulting firm located in Moscow, projects the Latah County population to be 39,473 in 2018. Population is expected to increase by 842, for a 2.1% growth between 2018 and 2023. Growth in Latah County has occurred largely in Moscow, but Deary and Troy populations grew at 5% or greater, with Potlatch growing by almost 3%.

In order to formulate this regional snapshot, PEP utilized the EMSI Economy Overview Report to gain insight into potential future shifts in Latah County demographics. Based upon this information and in conjunction with the Idaho Department of Labor Report, *The Future of Rural Idaho*, released in July of 2018, in spite of the urban classification of Latah County, there was a 2% loss in the 20-24 year age cohort, and a 7% loss (150 people) in the 50-59 year age cohorts. Both of these cohorts are considered part of the workforce, and the losses towards a more urban center belies the migration patterns of the urban classification. Further supporting this contradiction is the 21% increase in the 65 to 74 year age cohorts. These migration patterns of the younger, workforce age cohort exodus coupled with the retirement-age cohort influx, as indicated on Table 1.1 Latah County Age Demographics beg a consideration of the Latah County classification as urban. While its largest city does have more than 20,000 population, the migration patterns lean clearly towards the rural classification as discussed in the report. **See Table 1.1 Latah County Age Demographics.**

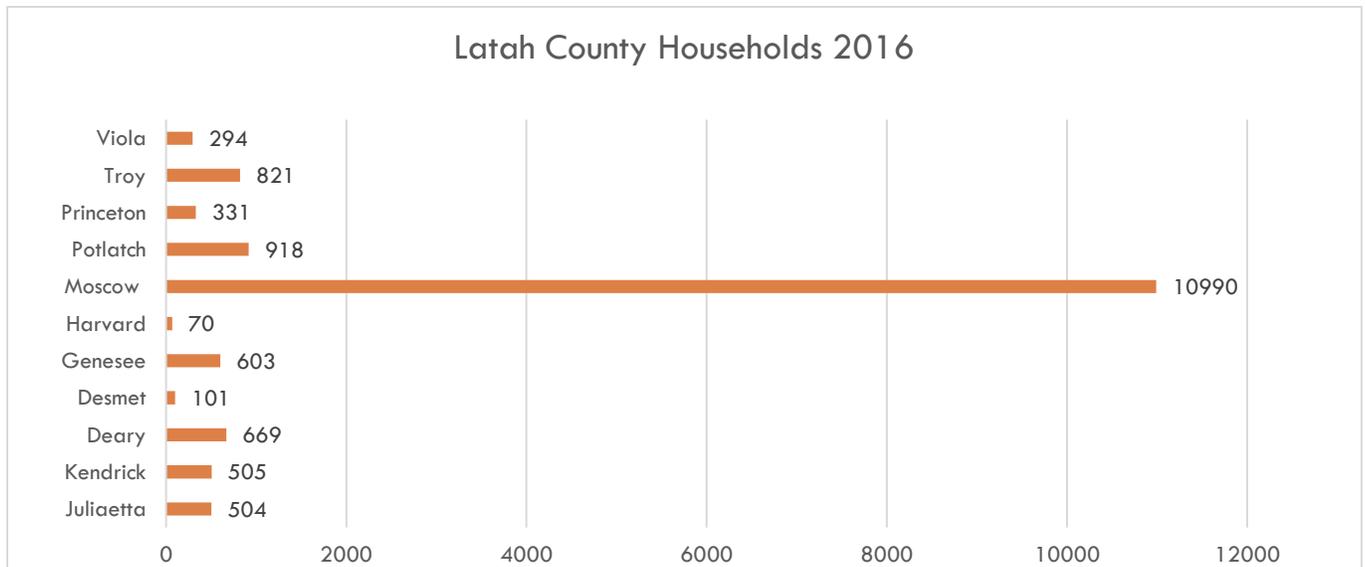
Table 1.1 Latah County Age Demographics



### 1.2 Households

The average household size in Latah County is projected to remain constant during the period between 2016 and 2021 at 2.31 persons per home. This projection represents the bottom of an average household size decline from 2.37 in the year 2000. Decreased household size can affect the types of housing sought, and can create increased demand for units accommodating decreased family size. **See Table 1.2 Latah County Household Inventory.**

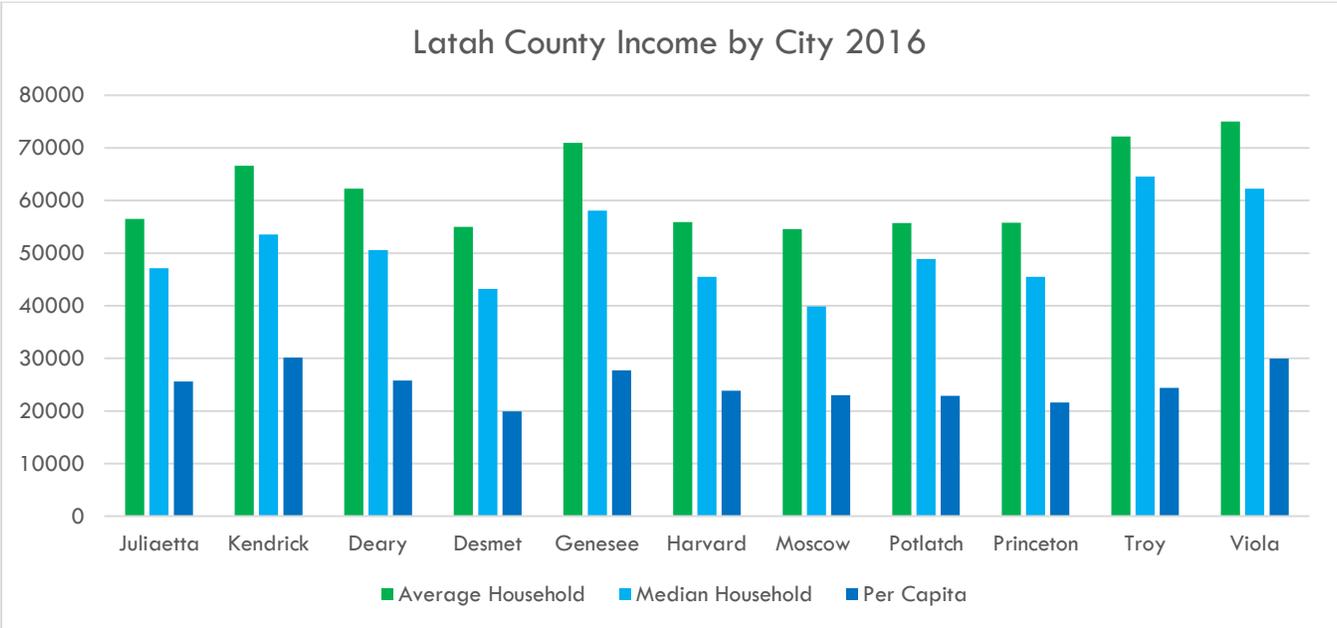
Table 1.2 Latah County Household Inventory



**1.3 Income**

Currently, the US Census Community Profile data estimates the average earnings per worker in Latah County, which includes wages, salaries, additional benefits, and proprietor income to be \$43,310 annually. That income is \$14.3K below the national average of \$57.7K. Earnings adjusted to the regional cost of living in comparison to the national average cost of living are estimated at \$46,100 annually. Though comparison of these two figures suggests that the cost of living is lower in Latah County, it is necessary to account for the presence of students which lowers the overall regional income earnings. **See Table 1.3 Latah County Income by City 2016**

Table 1.3 Latah County Income by City

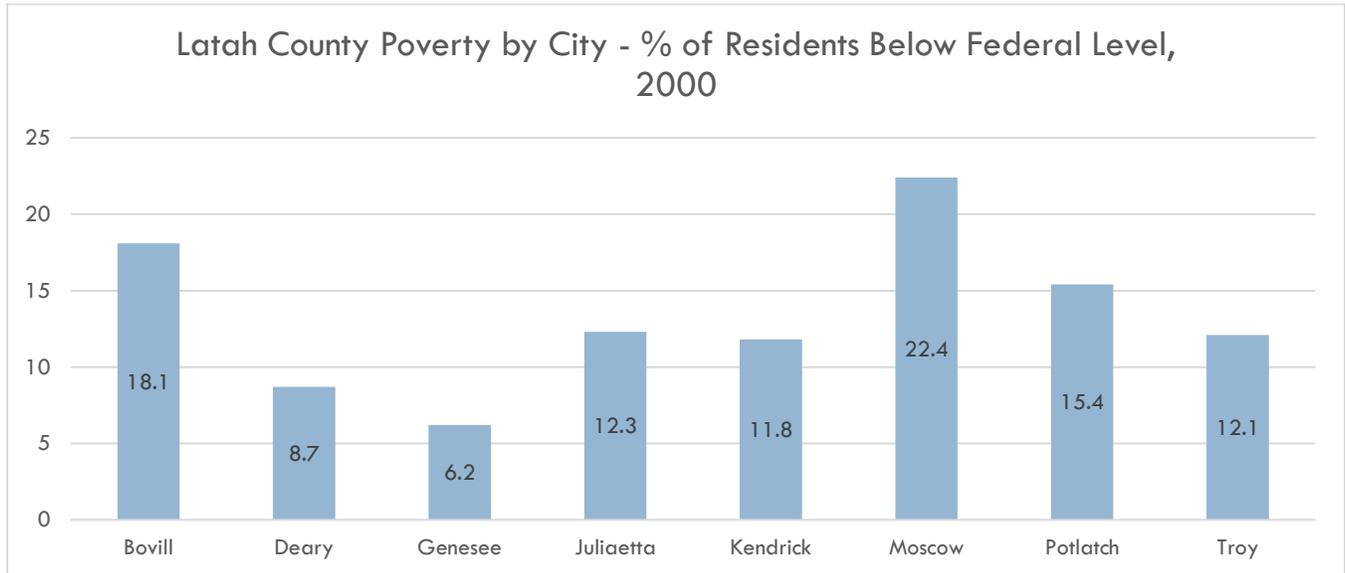


Within the region, a significant segment of the population within the County registers as non-earnings individuals. As discussed earlier, this cohort includes students as well as retirement age individuals. In table 1.3 above, the effect of these individuals can be clearly seen in the average household earnings.

The 2018 United Way ALICE (**A**sset **L**imited **I**ncome-**C**onstrained **E**mloyed) Report states that 40% of Idaho households (246,326 households) had income below the ALICE threshold – a 14% increase since 2010. The ALICE threshold is defined as the income that an average household would need to afford the basic necessities as defined by the Household Survival Budget designed by the United Way. ALICE households have income above the federal poverty level, but below the basic cost of living for their county.

The cost of basic household expenses increased in Idaho to \$53,664 for a family of four in 2018. In Latah County, two of the largest industries are Retail and Accommodation and Food Service. Low wages abound in Latah County, and coupled with the cost of basic household needs, many live below the poverty level. Table 1.5 Latah County Poverty Level by City illustrates this conundrum well. **See Table 1.4 Latah County Poverty by City - % Below Federal Level, 2000.**

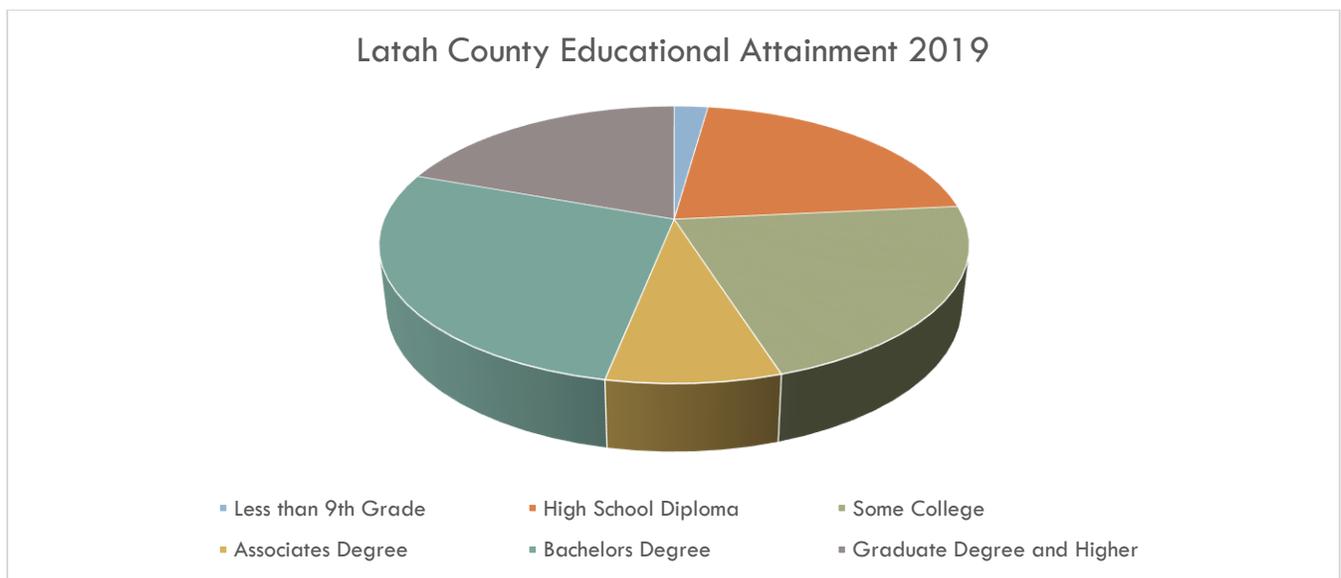
Table 1.4 Latah County Poverty by City



**1.4 Education**

Four school districts reside within Latah County; Moscow School District; Whitepine Jt. School District; Troy School District; and Potlatch School District. Combined, there are 19 public schools serving 5,125 students, 4 private schools serving 625 students, and 3 charter schools serving 1,136 students within the County. Latah County school districts have a consistent reputation of providing outstanding education to their communities, preparing students for college or entry into the regional workforce. Expenditures on education, training, and health are recognized as investments in human capital because once attained, knowledge, skills, and health cannot be separated from the individual. Of individuals residing within Latah County, 53% have obtained an Associates degree or higher. **See Table 1.5 Latah County Educational Attainment.**

Table 1.5 Latah County Educational Attainment



## 1.6 Housing

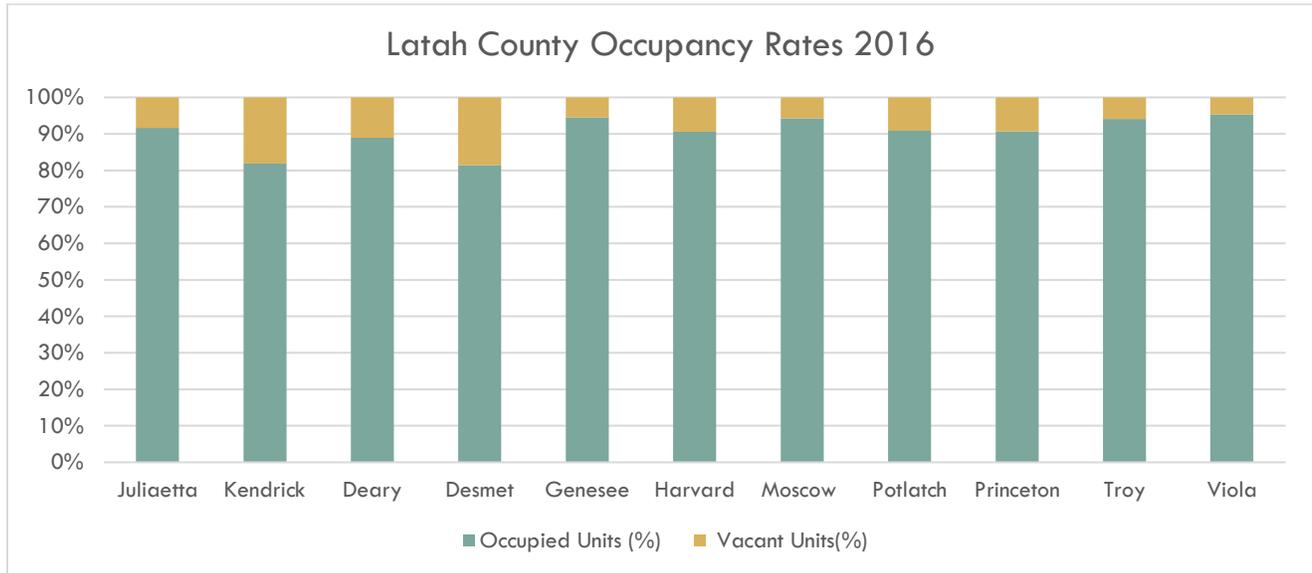
According to the US Census, Latah County has 15,988 housing units, comprised of 54% occupied by the owner of the household. The remaining balance, 46% of households occupied by a renter, can be directly attributed to the large student population in Moscow but also by the income levels of the surrounding communities. As discussed earlier, the Idaho Department of Labor reported that only 5 counties in Idaho can claim populations at 35% income burdened due to housing costs. Eleven of Idaho's counties have housing cost burden rates in excess of 50%. With the median household income being approximately \$14K below the national average, it is easy to see how housing has become one of the largest concerns in Latah County. Table 1.6 Latah County Housing Sales by City shows the relatively robust market for single family housing seemingly in spite of the housing cost burden.

Table 1.6 Latah County Housing Sales by City, 2018 (information courtesy of Team Idaho Real Estate, 2018)

City	Number of Sales	Average Sales Price	Days on Market
Moscow	264	\$291,454	33
Viola	10	\$293,950	103
Troy	32	\$234,275	73
Deary	14	\$233,128	104
Genesee	16	\$210,768	74
Potlatch	33	\$229,163	42
Kendrick/Juliaetta	9	\$202,297	118
Helmer	1	\$229,500	58
Bovill	5	\$144,380	53
Elk River	1	\$130,000	114

Historically, due to the transient nature of the student population, the highest demand for housing in Moscow was apartment units. In the surrounding cities, single family dwellings continue to be in demand, as shown in the table **1.7 Latah County Occupancy Rates, 2016**.

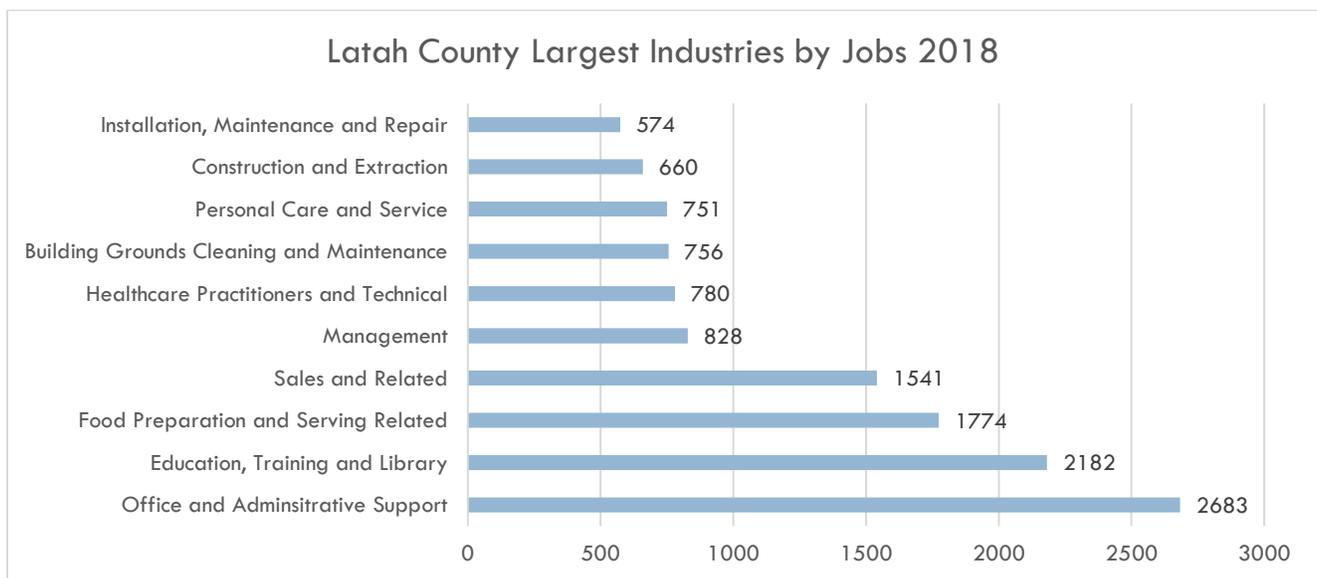
Table 1.7 Latah County Occupancy Rates



## 2. WORKFORCE CHARACTERISTICS

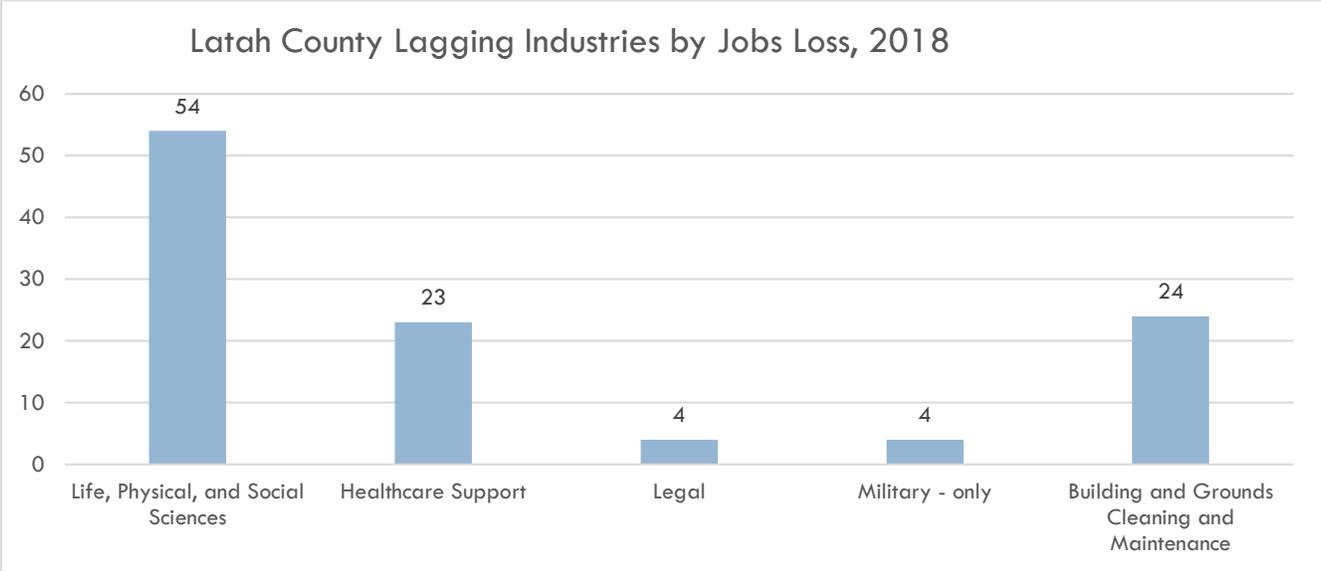
Latah County’s workforce is broken down rather evenly by gender, with the majority of the workforce between 25 years and 55 years of age. The largest industries, shown in **Table 2.1 Latah County Largest Industries by Jobs**, gives a glimpse into what kinds of positions the county offers. It is interesting to note that the top 5 industries can be considered to be on the low end of the pay scale and command less educational attainment as well. While essential to the health of the county overall, growth in these industries do not necessarily add up to financial security for its residents.

Table 2.1 Latah County Largest Industries by Jobs, 2018



In 2018, five industries experienced job losses, including one of the largest industries Building Grounds Cleaning and Maintenance. See **Table 2.2 Latah County Lagging Industries by Jobs Loss, 2018**.

Table 2.2 Latah County Lagging Industries by Jobs Loss, 2018



**3. LATAH COUNTY INDUSTRY ANALYSIS**

Conducting a base analysis serves two primary purposes. First, it serves to identify major sources of income and employment in the local economy. Second, it allows areas to anticipate changes in their local economy. The second purpose is extremely important because it allows local entities to not only implement strategies to adapt to changing economic circumstances, but also to identify and encourage the development and diversification of their industrial base. Additionally, a cluster analysis aids in identifying a region’s economic strengths and challenges so that regional economic development practitioners can identify realistic ways to shape their economic future.

**3.1 Education**

The University of Idaho is the state’s premier institution of higher learning, and is one of only 72 land-grant research universities in the United States. It is a leader in student-centered learning and excels at interdisciplinary research. The University boasts 85 undergraduate and 93 graduate majors, contributes to the state’s economy as a whole \$1.2 billion annually, employs a total of 5,838 full and part-time faculty and staff, and makes up approximately 29.9% of the total employment in Latah County. The University of Idaho will have research expenditures of \$112 million dollars in 2019, increased from \$70.5 Million in 2014.

Institutions of higher learning such as the University of Idaho are invaluable economic assets to the regions in which they reside. Not only is the University a source of knowledge spillover for the region, it is also the region’s creativity incubator. All value added to an economy drives economic growth, and all value added increases the region’s ability to attract, incubate, and provide the resources for new and creative ideas.

**3.2 Healthcare**

Gritman Medical Center is a not-for-profit Critical Access Hospital that has been a vital asset to the residents of Latah County for more than 100 years. The hospital utilizes cutting-edge medical technology, such as the SPY Elite advanced fluorescence imaging system that helps surgeons identify and remove tissues at reduced risk of

infection. Additionally, Gritman's Wound Healing Center was recognized in 2016 as a *Center of Excellence*, providing advanced techniques in hyperbaric oxygen therapy, negative pressure therapies, bioengineered tissues and bio-synthetics to help wounds heal faster.

### **3.3 Forestry and Timber Products**

Bennett Lumber Products, Inc. is a family owned company based in Princeton, Idaho. The company owns approximately 70,000 acres of forestland in the north Idaho and eastern Washington region, and operates two lumber mills, one within Latah County, in Princeton, and another located in Clarkston, Washington. Bennett's Princeton operation employs a total of 166 individuals ranging from management to mill and machine operators.

### **3.4 Retail**

The retail trade sector contributes the largest proportion of secondary activities within Latah County. EMSI estimates that total current employment within the sector is approximately 2,030 jobs, with average hourly earnings for individuals within this sector being \$14.70. Retail constitutes 11.8% of the total employment within Latah County, second only to education. Additionally, the retail sector within Latah County has experienced positive post-recession retail growth of 7% from 2009 to 2016.

According to a 2014 market analysis conducted by Johnson Economics, LLC retail space vacancies within the County's retail hub, the City of Moscow, were reported to be at a low 5.9%. The report also indicated that the Downtown Moscow vacancy rate was even lower, at 4.4%. However, since the 2014 Johnson Economics report the City of Moscow experienced two sizable retail store closures in 2016. Macy's, one of the County's largest retailers closed its doors in the spring of 2016 with Hasting's following in the fall. Nearly 80 retail positions were lost in the wake of these closures. Recent volatility in the County necessitates a new retail inventory assessment.

### **3.5 Government**

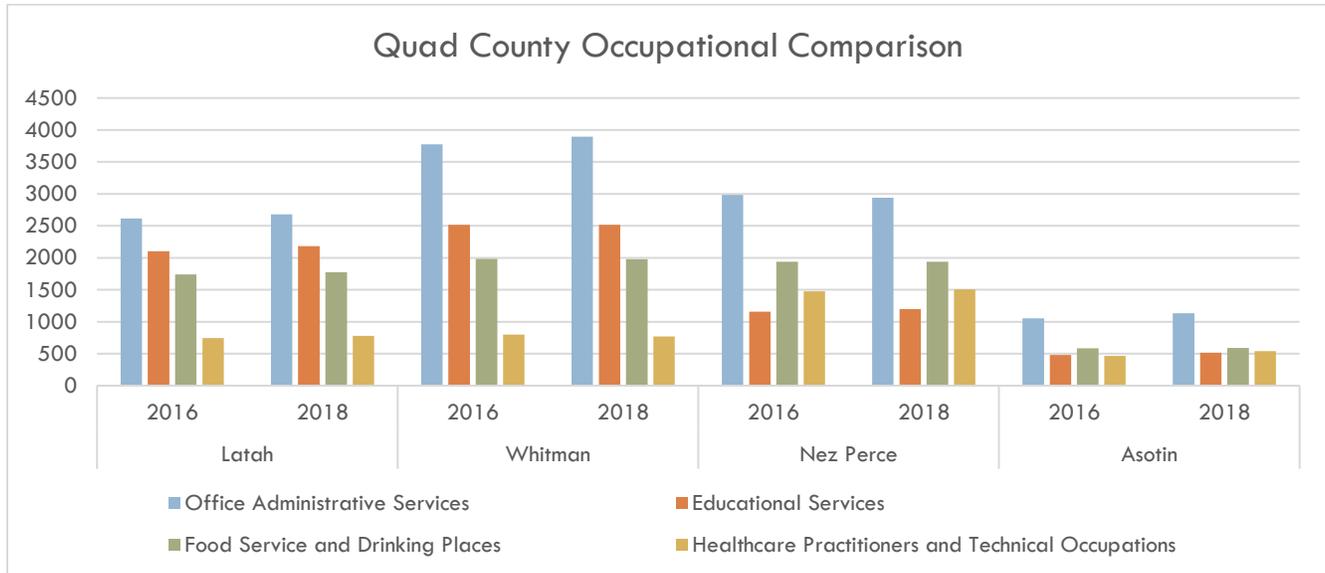
The role of regional government is to provide services to individuals within their communities. Providing for public safety, recreation, and sanitation are just a few of the many services local governments provide. Latah County's government sector employment peaked in 2005 with 1,022 individuals employed. Since 2005, government within Latah County experienced two major contractions in employment numbers, first in 2007 (17.8%) and again in 2012 (16.4%). Currently, the total number of individuals employed within the government sector is 918, which is 22% higher than the national average, yet still 8.9% below the previous peak employment level. The average annual income of individuals employed within Latah County's government sector is \$51,335.

### **3.6 Hospitality**

The hospitality industry makes up the largest percentage of secondary industry workforce participation within Latah County, with 2,056 individuals employed in various occupations within the industry. Latah County's hospitality industry has experienced steady post-recession growth since leveling off in 2011, currently exceeding the national average for employment within the industry by 27%. However, the hospitality industry continues to trail the national growth trend in total employment between 2001 and 2016 by roughly 23%.



Table 4.1 Quad County Occupational Comparison



Top occupations in three out of the four counties varied little excepting Asotin County. Education, Training and Library occupations grew 7% from 2016 to 2018, Healthcare Practitioners and Technical occupations grew 16% in the two-year window, and Office and Administrative Support occupations grew by 8%.

A regional comparison can be seen below in **Table 4.2 Regional Quad County Comparison**

Table 4.2 Regional Quad County Comparison

	Latah	Whitman	Nez Perce	Asotin
<b>Population 2016</b>	38,781	48,507	40,097	22,310
<b>Population 2018</b>	39,473	49,531	40,492	22,607
<b>Population Change %</b>	2%	2%	1%	1%
<b>COL Index</b>	98.2	110.0	99.0	116.0
<b>Unemployment Rate</b>	2.0%	4.1%	2.2%	3.5%
<b>Median Household Income</b>	\$43,310	\$41,574	\$51,804	\$47,483

## 5. ADDITIONAL RESEARCH AREAS

1. A comprehensive **Regional Housing Needs Assessment**. As the quad-county population continues to grow, even at the paces shown above, housing is critical.
2. A complete **Infrastructure Analysis** needs to be done for each city within Latah County, including broadband, telecommunications, water, sewer, natural gas line locations, and transportation of all kinds. Not only will existing businesses benefit from this discussion, but this kind of information is critical for any prospective businesses as well.
3. A continued strengthening and expansion of the **Relationship with the University of Idaho Technology Transfer office**. A collaborative strategic relationship can and will help address the gap between the initial research and the step into commercialization. Linkages between the research and the business world will be critical to the successful development of a business incubation program – either physical or virtual.
4. Continued **collaboration among the business, governments and institutions located within Latah County**. The formation of the Partnership for Economic Prosperity is a great example of the benefits of regional collaboration and cooperation. By recognizing the benefits of a regional approach to economic development, the partners are able to leverage the assets of the region, not just the individual partner.
6. **Collaboration and association with regional entities** such as Clearwater Economic Development Association, Clearwater County Economic Development Agency, Valley Vision, IEDA, Inland Northwest Partners, Jobs Plus, Idaho Department of Commerce, Idaho Department of Labor, and other agencies as appropriate.

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