Competitiveness Analysis of the FLATHEAD VALLEY ECONOMY

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Executive Summary

This study assesses Flathead County's economic competitiveness relative to peer communities in the western United States. The goal is to better understand how Flathead County's economic assets compare to similar regions vying for business investment, workforce retention, and economic growth. By examining peer communities, the analysis also identifies potential strategies that could enhance the county's economic vitality and long-term growth. The five peer counties selected for analysis are Gallatin County, MT; Bonneville County, ID; Kootenai County, ID; Deschutes County, OR; and Washington County, UT.

Over the past 25 years, the primary driver of Flathead County's economy has been natural amenity-driven population growth of both permanent and part-year residents. Industries like real estate and health care are closely linked to this growth and have increased in prominence while once-dominant industries like forest products and rail transportation remain important but have decreased in relative prominence as the county's economy has evolved.

When comparing Flathead to its peers, we find that all of these counties share some similar attributes and economic structures that are related to their common setting as small- to medium-sized growth counties in the West. However, we also find areas of strength or distinctiveness of Flathead County compared to these peers as well as areas where Flathead County is underdeveloped or lagging behind these similarly situated regions.

Some attributes common to Flathead and most of the five comparison counties include:

- High economic concentrations in construction and hospitality. These industries are prominent across all peer counties due to population growth and the natural amenities that attract visitors.
- Relatively low concentrations in transportation, warehousing, manufacturing, and professional and business services. This is typical for smaller, more geographically isolated areas that lack the economic pull of major metropolitan centers.
- Migration-driven population growth. Like Flathead County, all peer counties have seen sustained population growth fueled primarily by in-migration rather than natural increase. This reflects strong lifestyle appeal and the growing influence of remote work.
- Entrepreneurial activity and self-employment. Peer counties tend to have higher-than-average self-employment rates, driven by remote work opportunities, independent business formation, and service-sector industries linked to tourism and outdoor recreation.

Areas of distinction and strength for Flathead County include:

- High levels of entrepreneurship and business formation. Flathead County stands out for its strong rate of new business establishments, reflecting a dynamic entrepreneurial climate.
- A strong local banking sector. Unlike its peers, Flathead County has a higher concentration of financial and banking services, anchored by Glacier Bancorp's headquarters in Kalispell.

- Manufacturing strength in niche industries. Flathead County has notable industrial activity in wood products, firearms, and computer-equipment manufacturing, making it more diversified than some peer regions.
- Good educational attainment despite lacking a four-year university. Flathead County has relatively strong educational outcomes even in the absence of a major university, demonstrating a capable workforce with technical and vocational training.
- A highly diversified tourism economy. While tourism plays a key role across peer counties, Flathead County's visitor economy benefits from Glacier National Park and Flathead Lake, supporting year-round recreation sectors that differentiate it from other regions.
- Above-average earnings in manufacturing and natural resource extraction. Flathead County's higher earnings in resource-based industries—such as wood products, mining, and agriculture—reflect its ongoing industrial significance compared to more service-oriented peers. While these sectors have declined in prominence as Flathead has grown, maintaining these distinctive industries is important to economic diversification and broad-based prosperity.

Areas where Flathead County lags compared to its peers include:

- Limited transportation connectivity. Compared to its peers, Flathead County has fewer direct flights to business and population centers, which poses a challenge for business development and economic integration.
- Slower growth in professional and knowledge-based jobs. Unlike Gallatin and Deschutes Counties, Flathead County has fewer high-wage job opportunities in professional services, tech, and business-related fields, affecting long-term economic diversification.
- Aging workforce and economic dependency. Flathead County has one of the highest old-age economic dependency ratios among its peers, with an aging labor force and a high share of retirees. While older workers help sustain workforce participation now, future labor shortages could pose challenges for economic stability.
- Housing affordability pressures driven by second-home ownership. Seasonal housing vacancies are among the highest in the peer group, reducing housing supply and increasing costs for full-time residents. As a result, housing affordability is a growing barrier to attracting and retaining younger workers.

Strategies to identify new opportunities are most likely to emerge from taking advantage of Flathead County's strengths and examining areas that lag relative to peer counties. These strategies include:

- Leveraging natural amenities for workforce attraction. The county's outdoor recreation and quality of life advantages can be used to attract younger workers and remote professionals as evidenced by the success of some comparison counties.
- Expanding transportation connectivity. Improved year-round air service to business hubs and expanded regional transportation options would strengthen economic ties with national and global markets and foster growth in higher-paying professional services.
- Balancing tourism growth with housing needs. Managing short-term rental regulations and promoting workforce housing development could mitigate affordability challenges while maintaining a strong visitor economy.

Introduction

This study assesses Flathead County's economic competitiveness relative to peer communities in the western United States. The goal is to better understand how Flathead County's economic assets compare to similar regions vying for business investment, workforce retention, and economic growth.

The findings from this study will provide insights into Flathead County's competitive position and highlight areas of strength, as well as opportunities for economic development. By examining peer communities, the analysis also identifies potential strategies that could enhance the county's economic vitality and long-term growth.

The report begins with an analysis of the changes in the Flathead County over the past 25 years to set the context for the peer comparisons. This is followed by a discussion of the process for selecting the five peer comparison counties: Gallatin County, MT; Bonneville County, ID; Kootenai County, ID; Deschutes County, OR; and Washington County, UT. The report then compares Flathead County to these peers—other areas of similar population and locational characteristics—across a variety of categories to identify its unique strengths and weaknesses. The results are informative in identifying potential strategies to shape future growth and increase the economic competitiveness and prosperity of Flathead County.

The Evolution of the Flathead County Economy Since 2001

Flathead County, located on the Canadian border in the northwest part of Montana, has grown to become the fourth-largest economy in the state. In recent years that growth has accelerated, fueled in part by strong net in-migration of new residents from other parts of the U.S. In the last two decades, the forces shaping economic growth, and the composition of the economy, have changed markedly. This section describes and documents those changes and explores how economic strategies could be reshaped going forward.

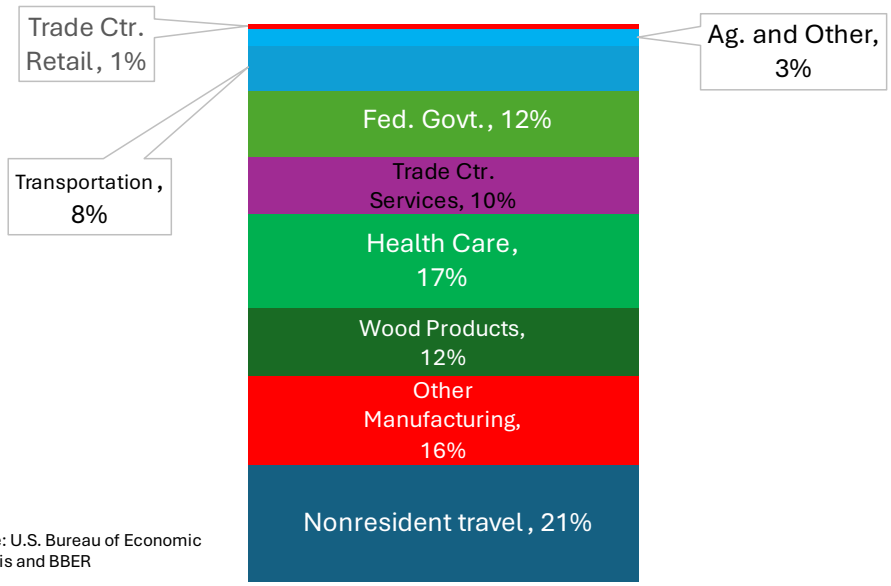
BBER's Traditional Analysis of Economic Drivers

The Bureau of Business and Economic Research (BBER) at the University of Montana was established in 1948, and for much of its history it has compiled and reported forecasts for the major regions of the state, including Flathead County. A fundamental building block for those forecasts has been the designation and measurement of activity in a small subset of the economy referred to as base industries. Base industries can be loosely defined as industries that sell and do business with the "export sector," which refers to markets and customers outside the county.

These basic industries are especially important in forecasting, since their growth is not limited by the size of the local economy in the same way, say, that local public schools may be. Even though we now view this divide between economic "drivers" and economic "followers" in the local economy to be incomplete, it is useful to begin with the traditional analysis to use as a foundation of this discussion.

Figure 1: Drivers of Economic Activity

Percent Share of Income in Basic Industries, Flathead County



Source: U.S. Bureau of Economic Analysis and BBER

The composition of basic industries for Flathead County shown in Figure 1 refers to the year 2018, and the list of industries in the figure remains relevant for understanding the local economy today. The percentages refer to the total earnings within the basic portion of each industry, divided by the earnings of all basic industries as a whole. The percentages do not refer to the size of the industries relative to the entire economy. For example, the 21% share shown for nonresident travel does not mean that tourism is more than a fifth of the entire economy. Rather, it says that within the subset of the entire county economy that is basic, tourism has a 21% share.

Those who are familiar with the landscape of the local economy can easily connect the industry categories shown in the figure with specific businesses—e.g., Kalispell Regional Hospital (now Logan Health) in health care and Applied Materials, or FALKOR Defense, in other manufacturing and passenger and freight rail lines in transportation. While the shares have shifted since this pre-Covid snapshot, the health of the industries shown in Figure 1 remain important for understanding the present and future growth in the local economy.

Reconsidering Growth Drivers Since Covid

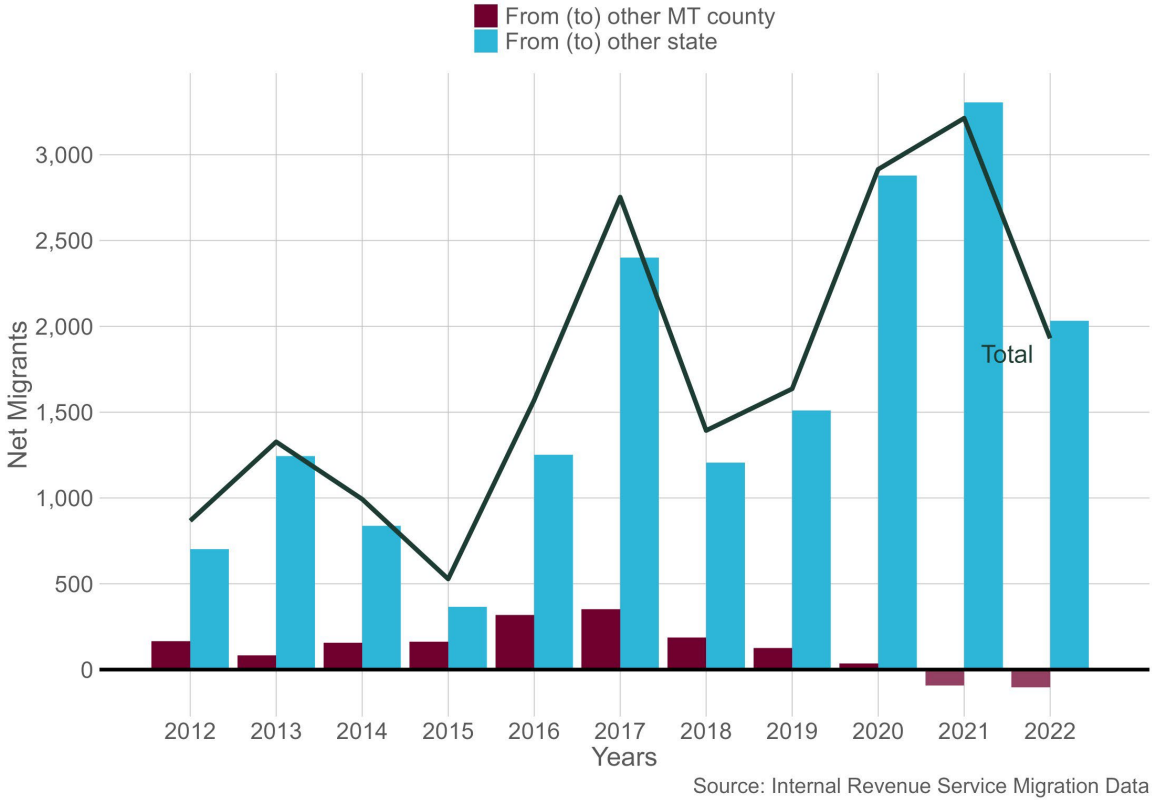
The emergence of new forces that are shaping local economic growth causes us to reconsider the adequacy of a focus on these basic industries, especially in Flathead County. At least three interrelated developments have impacted growth in ways that escape the old basic industry paradigm: population in-migration, amenity-based real estate demand from both second home buyers and vacation rentals, and remote work. All of these existed before, but their acceleration in recent years has profoundly affected the local economy.

These forces are often closely linked to another growth driver—business startups, including those in technology industries. While potentially captured in the basic industry framework, the locational freedom offered to those who execute plans to create new business makes high-amenity areas like the Flathead

Valley attractive for entrepreneurship activity that may be imperfectly categorized in the traditional analysis framework.

The high rates of population in-migration from other states, shown in Figure 2 with income tax data, straddle the line between basic (export markets) and non-basic (local market) pieces of the local economy. With between 1,500 and 3,200 net new people moving to Flathead County each year since 2017, bringing their wealth and demand for goods and services with them, the notion that non-basic industries such as construction or even public schools are constrained by the size of the local market is less relevant. Population growth is both the product and the source of economic growth, and in cases of remote work can be thought of as a migration of both jobs and people simultaneously.

Figure 2: Domestic Net Migration, Flathead County, 2012-22



Flathead County's migrants are somewhat skewed toward retiree and near-retirees, with the latest Census data showing over 30% of Flathead County's new residents are over the age of 55, about double the share of 55+ movers nationally. Fewer than 40% of Flathead County's new residents are prime working age range of 25 to 54, and about 30% are under the age of 25.

Utilizing Industry Concentration Trends to Explain the Evolution of the Economy

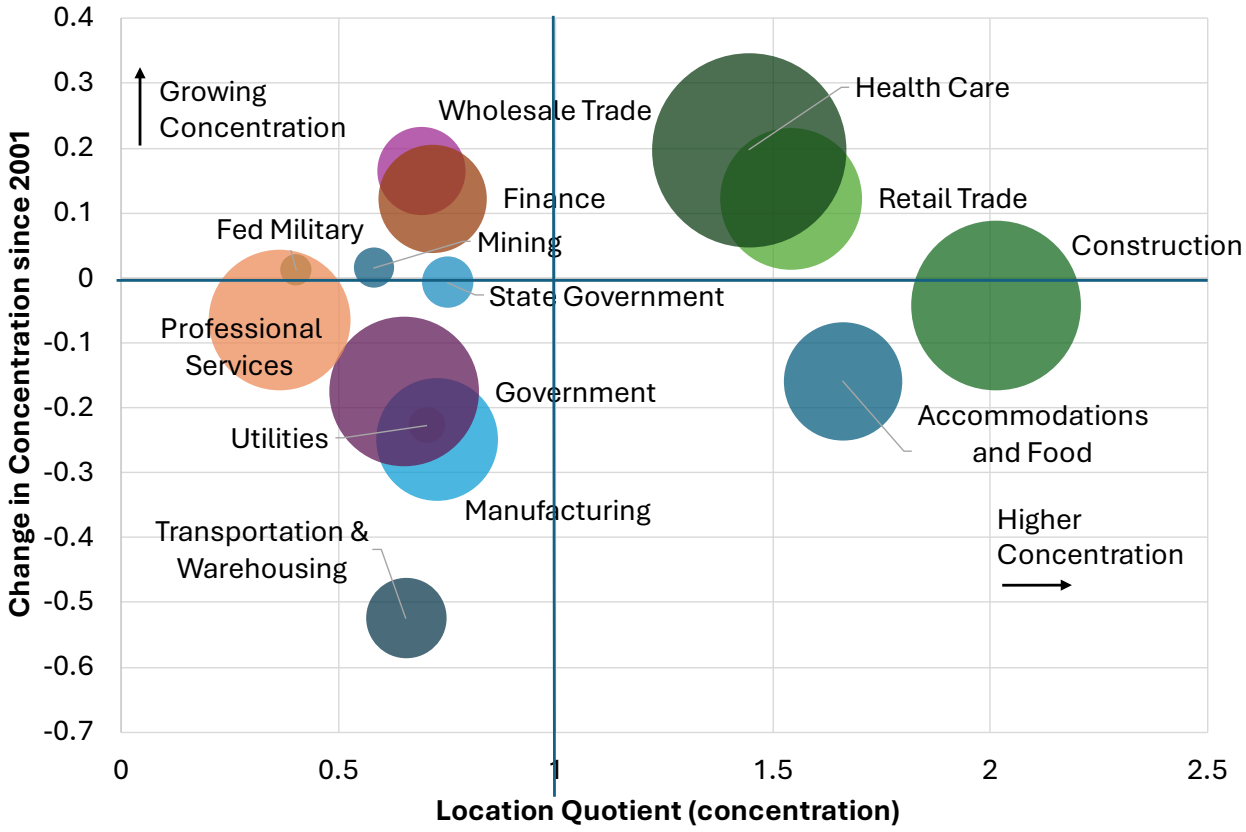
If we set aside the distinction between basic/non-basic industry classification and examine how the broader economy has evolved in the last two decades, we need to distinguish between trends that are underway everywhere, and those that are specific to Flathead County. This is conveniently accomplished with the use of a measure of industry concentration called a location quotient, or LQ. The LQ measures whether an individual industry is more or less concentrated in the local economy compared to the national

average. An LQ equal to one means that the share of the industry in the local economy is exactly the same as the national average.

The bubble chart in Figure 3 displays three dimensions of industry size and concentration in the local economy simultaneously. The size of the bubble corresponds to the size of the industry, as measured by earnings as measured by the U.S. Bureau of Economic Analysis. Thus, we see that health care is the largest bubble, reflecting that among the major industrial categories shown, it ranks as the largest.

The placement of the individual bubbles on the chart tells us information about the concentrations of the specific industries. Bubbles which are further to the right have a higher concentration, as measured by their LQ's. The LQ for construction, for example, is higher than any other industry shown. Its LQ of approximately 2 indicates that the presence of that industry is roughly twice as large as the national average.

Figure 3 Evolution of Industry Concentration Since 2001



Finally, the vertical position of the bubbles measures the degree to which industry concentration has grown or fallen since 2001. This is not the same as growth in the industry—government, for instance, has grown significantly since the beginning of the 2000s. But government, which is less prominent in Flathead County than the national average, and its relative size in the local economy is smaller today than it was in 2001.

The overall pattern of economic evolution revealed in Figure 3 is consistent with an economy that is getting its biggest boost from population growth, visitor spending, and, to a degree, the aging of its

population. Manufacturing, financial services, and professional services are less prominent in Flathead County than elsewhere, although financial services has grown more than proportionately since 2001.

The industry categories shown in Figure 3 are quite large and mask important developments in different industries contained within the larger classifications. Manufacturing, for instance, has been profoundly impacted by closures of the Columbia Falls aluminum smelter in 2015 and negative developments in the forest and wood products industries. Those setbacks are masking more positive developments in small but growing manufacturing companies, especially in fabricated metals.

As part of the analysis, BBER conducted a more granular examination of trends in industries – in all, 113 different industry classifications were examined to assess how their prominence in the local economy had changed since 2001. The sectors with the biggest gains and the biggest declines in local economic concentration are listed in Table 1.

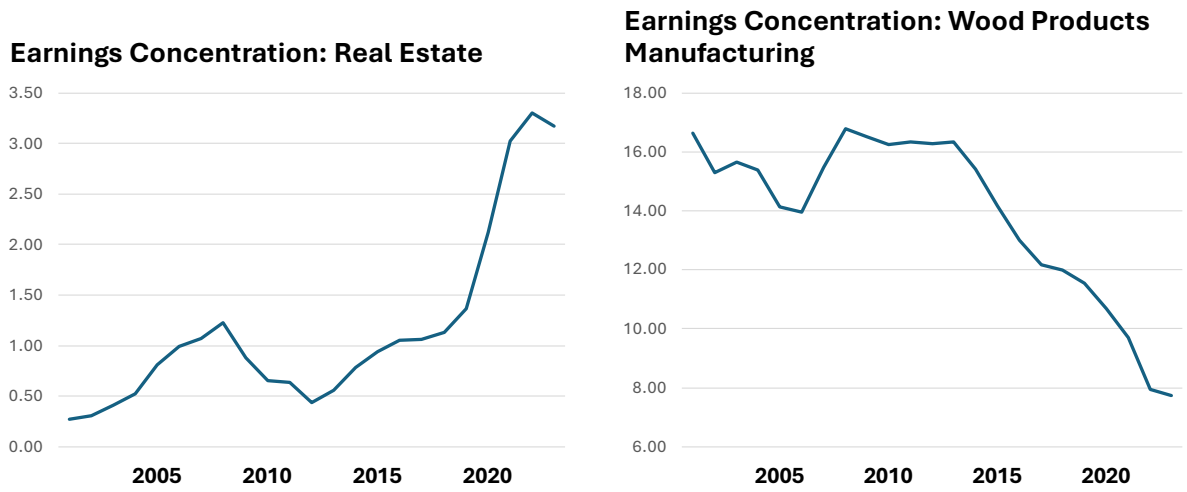
Table 1: Industries with the largest and smallest gains in concentration, 2001-23, Flathead County

Less Prominent	**More Prominent**
Forestry and logging	Real estate
Wood product manufacturing	Miscellaneous store retailers
Primary metal manufacturing	Mining (except oil and gas)
Rail transportation	Hospitals
Transportation and warehousing	Motor vehicle and parts dealers
	Sporting goods, hobby, musical instrument and book stores

The list of industries that have seen the biggest declines in concentration are familiar. The wood products industry remains important and enjoys above-average prominence in the local economy, but its share of the overall economy has fallen more than any other. The industries that have grown in prominence are perhaps more surprising. Real-estate activity has surged along with population growth, and increases in tourism have brought about rising shares of the economy in retail activities. Mining gains are almost entirely from concrete production associated with building construction.

More insight on these findings can be gained by looking at the time paths for the industry concentrations of individual industries, as is done for real estate and wood products manufacturing in Figure 4. Swings in the concentration of real estate correspond almost perfectly to conditions in local residential housing markets, which is unsurprising, since real estate commissions are directly impacted by prices and sales volumes. Yet it is still remarkable that an industry that had only average prominence in the Flathead County economy at the housing peak in 2008 now has a presence in the economy that is three times as high as the national average.

Figure 4 Earnings Concentrations, Flathead County, 2001-2023



Source: U.S. Bureau of Economic Analysis

The decline in concentration in wood products since 2001 shown in the right-hand side of Figure 4 may not be a surprise to those familiar with the area, either. Yet the huge declines in concentration that are apparent over this 23-year period have nonetheless left the local economy with a wood products concentration that is almost eight times higher than the national average.

Conclusion

It is clear from this summary examination of trends in the Flathead County economy that population growth has emerged as an important driver of economic growth. This can be seen from the extra prominence of the construction industry, the continued robust growth of health care (especially hospital growth), and the growth in retail activity. The amenity-led growth that has always made the county a growth leader in the state has been super-fueled in recent years by the increased ability of entrepreneurs and knowledge workers to remotely access jobs in other places. While there is ample reason to pursue more traditional strategies to grow its traditional economic base, this new dynamic that is propelling growth from new residents should be better understood if current trajectories continue.

How Peer Communities Were Selected

To identify peer communities for comparison, BBER developed a structured statistical approach to analyze counties across the United States. This process aimed to ensure that selected communities shared key economic, demographic, and geographic characteristics with Flathead County.

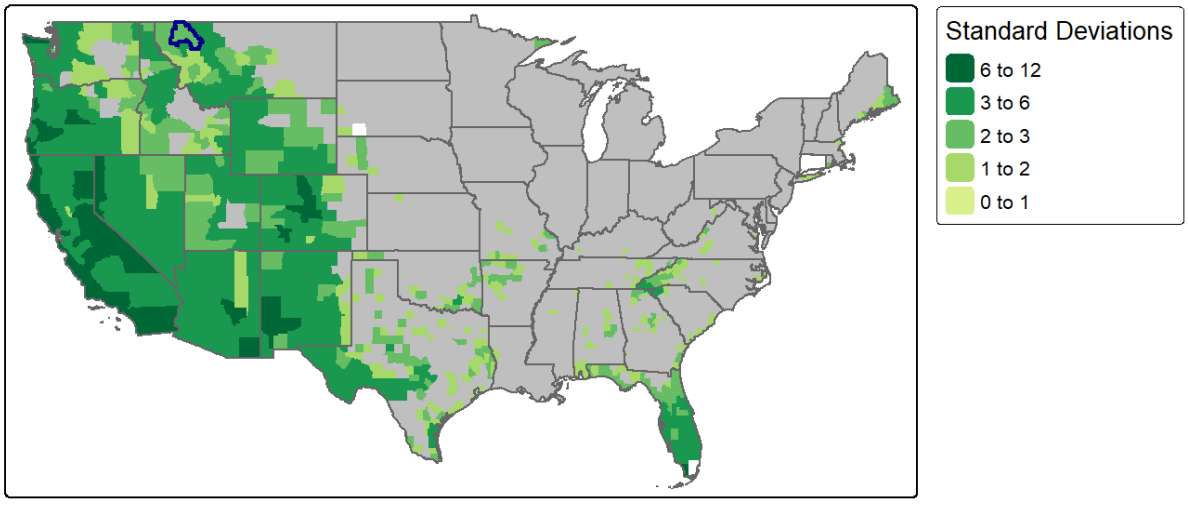
Initial Statistical Peer Selection

BBER compiled a comprehensive dataset of all counties and county equivalents in the U.S., using authoritative sources such as the U.S. Census Bureau and USDA Economic Research Service. Key variables, including population size, employment base, income levels, industry composition, and geographic attributes, were used to identify an initial pool of comparable communities. The dataset was refined through filtering, standardization, and transformation, ensuring that all selected counties met objective criteria for comparability. The most consequential of the selection process rested on natural amenities and population size and density.

Natural Amenities Filter

Flathead County is known for its scenic landscapes, outdoor recreation, and natural attractions, including Glacier National Park and Flathead Lake. To ensure a fair comparison, we selected counties with similarly appealing natural environments, using a measure that captures factors like climate, topography, and access to outdoor recreation. The selected counties represent areas with strong natural attractions that influence economic growth, tourism, and quality of life.

Figure 5 Natural Amenities Scale Distribution – Selected Counties Highlighted

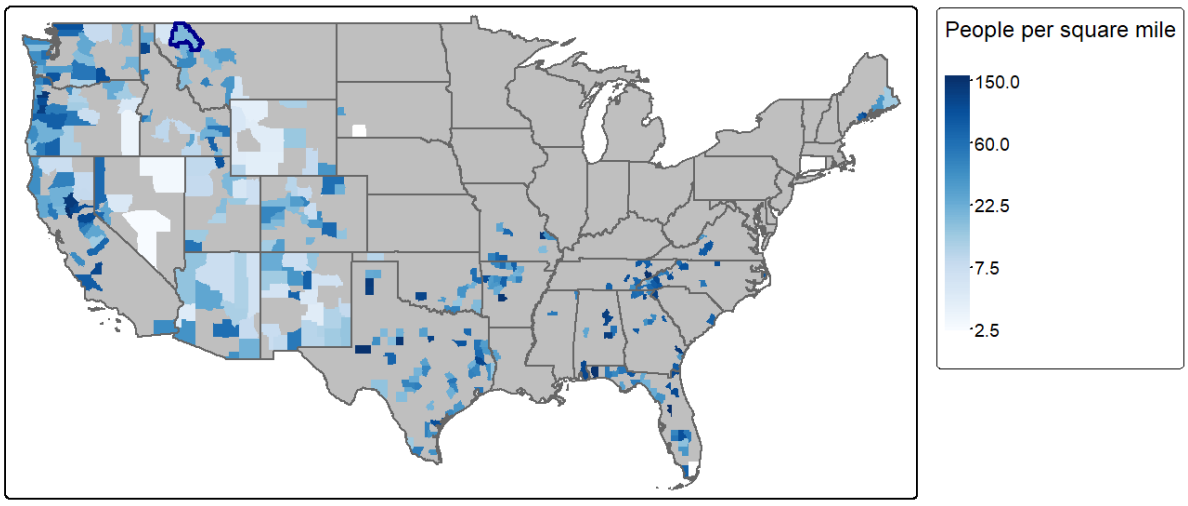


Source: United States Department of Agriculture's Natural Amenities Scale

Population and Population Density Filter

After selecting counties with comparable natural amenities, we refined the list based on population size and density. These factors help capture a county's economic structure, level of development, and workforce availability. The goal was to identify communities that are neither too large nor too small compared to Flathead County, ensuring relevant comparisons in terms of business climate, infrastructure, and labor markets.

Figure 6 Population Density, 2010, Selected Counties – Selected Counties Highlighted



Source: U.S. Census Bureau's Population and Housing Units Estimates Program, TIGRIS

This process resulted in a list of counties that share both strong natural amenities and similar population characteristics, forming the basis for selecting the final peer communities. A final comparison ensured that the five selected peer counties not only reflected Flathead County's natural appeal and demographic traits but also aligned in their socioeconomic and industry profile, providing the most relevant benchmark for further analysis.

Qualitative Review, Refinement, and Final Selection

Building upon the data-driven selection, additional qualitative factors—such as tourism, outdoor recreation appeal, and economic development policies—were integrated to ensure meaningful comparisons. This refinement process was conducted in collaboration with the Flathead County Economic Development Authority (FCEDA), leveraging regional expertise and local insights into community dynamics.

Following this review, FCEDA played a central role in finalizing the peer communities by compiling and voting on a list of five regions after a presentation of the 20 most similar counties from the selection analysis in a meeting in September 2024. This approach ensured that the selected communities were not only economically and demographically similar to Flathead County but also strategically relevant in terms of competitive positioning and future development opportunities. For instance, Gallatin County was added to the analysis—even though it was not rated as highly similar by the quantitative analysis—because of its strategic importance as the other national park county in Montana that is experiencing rapid growth. A compilation of the votes was combined with the quantitative analysis to narrow the list to 10 counties. In a November 2024 meeting with FCEDA, we presented the top 10 counties and proposed narrowing the list to five counties by eliminating the five counties that had fewer than 75,000 residents, making data limited, and that had significantly lower incomes than Flathead County. In order to have the most useful and forward-looking analysis, the five peer counties selected were all slightly larger than Flathead County and had comparable or higher incomes.

The five comparison counties selected are:

County	Largest City	State
Gallatin	Bozeman	Montana
Kootenai	Coeur d'Alene	Idaho
Bonneville	Idaho Falls	Idaho
Deschutes	Bend	Oregon
Washington	St. George	Utah

By combining quantitative analysis with expert qualitative input, this structured methodology provided a well-rounded, apples-to-apples assessment of Flathead County's economic standing, ensuring comparisons were grounded in both data-driven insights and real-world economic conditions.

Flathead County Peer-Community Comparisons

1. Populations and People

This section provides selected comparisons of key demographic characteristics, offering insights into how Flathead County compares to its peer communities using data from three sources from the U.S. Census Bureau—the American Community Survey (ACS), the Decennial Census, and the Population and Housing Units Estimates (PEP). The analysis is organized into two subsections: Demographic Summary, and Population Change Using Multiple Sources to provide a comprehensive understanding of how Flathead County's population compares and has evolved over time.

Demographic Summary

When comparing Flathead County and its peer communities shown in Table 1 to national demographic figures, several key differences emerge in age structure, racial composition, and household size.

Most peer counties have an older population than the national median age of 38.7 years, with Flathead and Deschutes counties among the oldest. The share of residents aged 65+ exceeds the national average of 17.7% in Flathead, Deschutes, Kootenai, and Washington counties, indicating a larger retirement-age population. In contrast, Gallatin and Bonneville counties have significantly younger populations, aligning more closely with urban areas in other parts of the country.

Racial composition across these counties is much more homogeneous than the national average of 75.8% White Alone. Flathead, Gallatin, Kootenai, and Bonneville Counties all have populations that are over 90% White Alone. Washington County, UT, is the most diverse among the peer counties but remains far less diverse than the nation. This lower racial diversity reflects the fact that these counties are less urban, have lower populations, and are in the Mountain West and Oregon, regions that have historically seen less racial diversity than urban centers.

Table 2 County Demographic Comparisons

County	Largest City	State	Population	Median Age	% 65+ years	% White Alone	Average Household Size
Flathead	Kalispell	Montana	113,679	42.1	21.3%	94.4%	2.46
Gallatin	Bozeman	Montana	126,409	34.2	13.9%	94.2%	2.35
Kootenai	Coeur d'Alene	Idaho	185,010	41.2	20.4%	93.9%	2.54
Bonneville	Idaho Falls	Idaho	131,366	33.8	14.1%	94.0%	2.89
Deschutes	Bend	Oregon	208,513	43.0	21.8%	93.3%	2.42
Washington	St. George	Utah	202,452	39.3	22.4%	92.6%	2.80

Source: U.S. Census Bureau, Population Estimates, American Community Survey

Household size in most peer counties closely follows the U.S. average of 2.49 people per household, with Flathead, Gallatin, and Deschutes Counties aligning closely. However, Bonneville and Washington counties have significantly larger households, possibly reflecting higher fertility rates in Idaho and Utah, where family size tends to be larger compared to national figures.

While these counties share similarities in being less racially diverse and mostly older than the national average, there are notable differences. Some, like Flathead and Deschutes counties, have a higher concentration of older residents, while Gallatin and Bonneville counties have a younger demographic profile. Household size varies, with Bonneville and Washington counties standing out for having larger households, whereas the other counties align more closely with national figures. These differences highlight the variation within the peer group despite broad regional similarities.

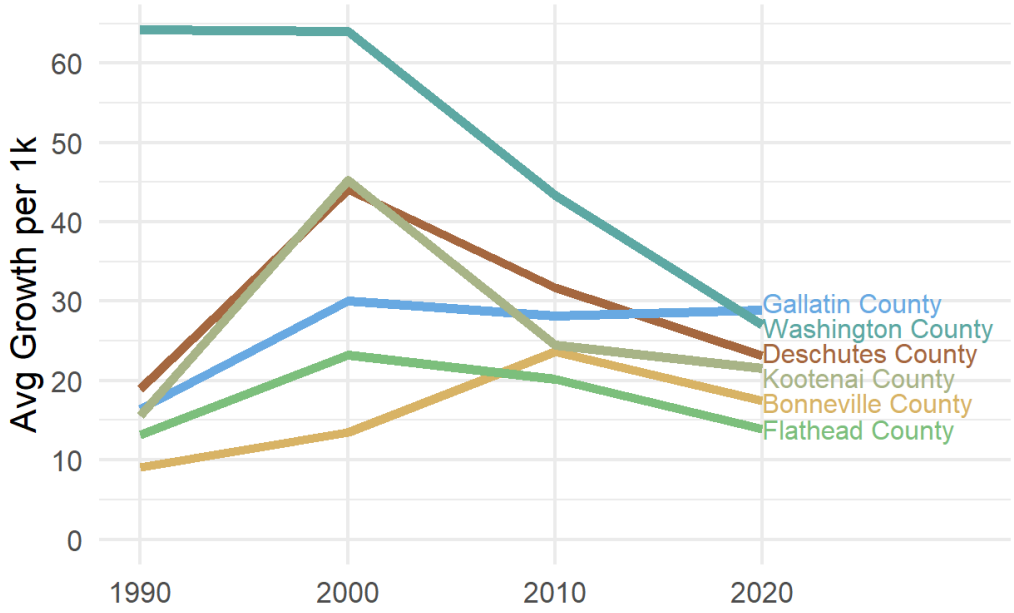
Population Change

Understanding how populations have changed over time provides insight into the growth dynamics of Flathead County and its peer communities. The figure below presents the average annual population change rates per 1,000 residents between each decennial census in order to standardize comparisons between counties of different population sizes.

All of these communities are high-growth areas, and none have experienced population declines between Census counts. Additionally, none of the communities have seen their population changes dip below zero, indicating no population loss (Figure 7). This aligns with broader migration trends favoring high-amenity areas, which all of these counties possess. These regions attract new residents due to factors such as natural beauty, outdoor recreation opportunities, and overall quality of life, reinforcing their status as growing communities.

One notable pattern is that the 1990 to 2000 period was a decade of exceptionally high growth across all of these counties, with many seeing their fastest expansion during this time. Since then, growth rates have generally slowed, as reflected in the declining lines in the figure. However, it is important to emphasize that a declining trend in the figure does not indicate population loss, but rather a slowing rate of growth over time.

Figure 7 Population Change Rates, 1990 - 2020



Source: U.S Census Bureau's Decennial Census

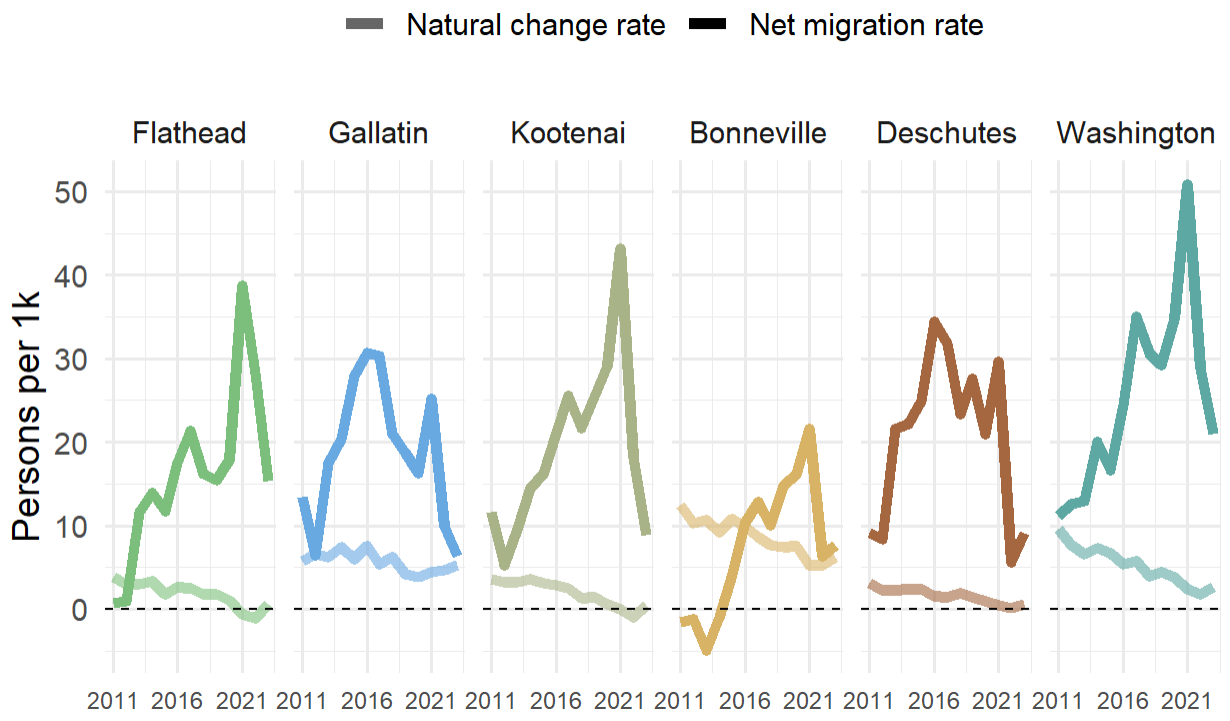
Another key takeaway from the figure is the convergence of growth rates between the 2010 and 2020 Census periods. During this time, all counties saw average annual growth rates fall within a range of approximately 10 to 30 new residents per 1,000 people per year, demonstrating a greater similarity in growth patterns among these communities. Despite differences in absolute population sizes, these counties have increasingly shared a more consistent pace of growth in recent years.

Unlike the previous figure, which presented overall annual growth rates, this figure breaks population change into two components:

- **Natural change rate**, the net number of births minus the number of deaths per 1,000 residents.
- **Net migration rate**, the number of people moving into the county minus those leaving, per 1,000 residents.

Flathead County, like its peer communities, has experienced sustained population growth, primarily driven by net migration rather than natural increase, shown in Figure 8 for all peer communities. The figure below provides a closer look at Flathead County within this broader context, highlighting the very strong spike in migration—3rd highest among its peers during the pandemic surge—and its current position as the 2nd fastest-growing county behind Washington County, Utah.

Figure 8 Components of Population Change, 2011 - 2023



Source: U.S. Census Bureau's Population and Housing Units Estimates Program

Flathead County has experienced substantial in-migration after 2010, with peaks in migration during the pandemic-related movement between June 2020 and July 2021. This surge aligns with broader national trends, where many high-amenity areas saw significant population increases due to shifting lifestyle preferences and the expansion of remote work.

Following this period of rapid growth, the figure shows a return to lower migration rates, similar to those observed before the pandemic. This decline reflects, in part, the rising cost of housing, which surged as

demand outpaced supply, compounded by increasing interest rates that slowed the rates of moving across the nation.

The natural change rate in Flathead County has gradually declined over time, consistent with trends seen in other aging communities. While natural change remained positive for much of the period, it has moved closer to zero, reflecting an increasing number of deaths relative to births. This trend is a consequence of an aging population and declining birth rates, which are common patterns in many rural and high-amenity counties. In some years, the natural change rate dipped below zero, indicating that more people passed away than were born in Flathead County during those periods.

Overall, the figure underscores that Flathead County's growth has been migration-driven, with in-migration playing a dominant role in shaping its population trends over the past decade. As migration rates return to pre-pandemic levels and natural change approaches zero, future population growth will continue to depend heavily on net migration flows into the county.

2. Labor Force Characteristics

This section examines key aspects of the labor force in Flathead County and its peer communities, providing a broader understanding of workforce conditions. It covers labor force participation, employment and job growth, unemployment, educational attainment, economic dependency ratios, and remote work shares. Together, these indicators highlight shifts in workforce engagement, job market stability, skill levels, and the balance between working and non-working populations.

Labor Force Participation

Labor force participation measures the share of the population aged 16 and over that is either employed or actively seeking employment. It serves as a fundamental indicator of workforce engagement and economic vitality.

Flathead County's 64.1% labor force participation rate is slightly above the national average of 62.6%, indicating a moderate level of workforce engagement. Compared to its peers, Gallatin County stands out with the highest participation rate at 72.4%, reflecting a highly engaged workforce. This suggests a greater share of its working-age population is actively employed or seeking work.

Table 3 Civilian Labor Force Participation Across Counties, Annual Averages, 2023

County	*Labor Force*	*Population (16+)*	*Participation Rate*
Flathead	59,255	92,442	64.1%
Gallatin	77,375	106,871	72.4%
Kootenai	89,273	148,541	60.1%
Bonneville	63,435	97,443	65.1%
Deschutes	111,608	174,387	64.0%
Washington	95,464	159,907	59.7%

Source: U.S. Census Bureau, American Community Survey (ACS) 1-year,

Bonneville County (65.1%) and Deschutes County (64.0%) have participation rates similar to Flathead County and align closely with national levels. In contrast, Kootenai County (60.1%) and Washington County (59.7%) have the lowest participation rates among the peer communities, indicating lower workforce engagement. These variations suggest differences in economic activity, job availability, and demographic composition, which will be further explored in subsequent sections.

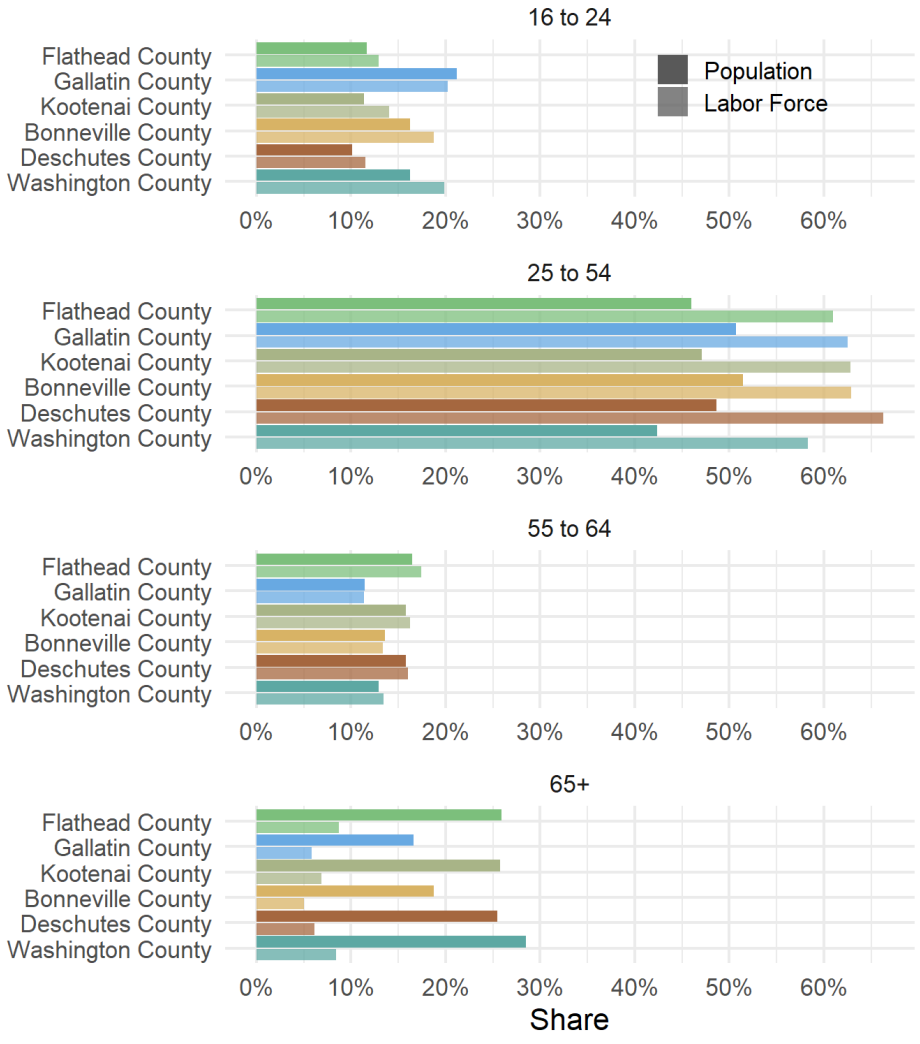
Understanding the age distribution of the labor force provides deeper insight into workforce engagement and how different demographic groups contribute to local economies. Figure 9 illustrates the share of the total population and labor force across four key age groups: 16 to 24, 25 to 54, 55 to 64, and 65+.

Each of these age groups represents a distinct stage in labor market participation:

- 16 to 24: Many individuals in this group are students or early-career workers. While some participate in the workforce, many are still in school or transitioning into full-time employment.
- 25 to 54: This prime working-age group typically has the highest labor force participation rates, forming the backbone of the local workforce and driving economic productivity.
- 55 to 64: Many individuals in this age range remain employed, though some begin reducing work hours or transitioning into retirement.
- 65+: While many individuals in this group are retired, some continue working either by choice or necessity.

The percentage of a given age group in the population and its share of the labor force follow a predictable pattern. Counties with a larger share of prime working-age individuals (25 to 54) naturally have a greater concentration of their labor force in this group. Conversely, counties with higher shares of younger (16 to 24) or older (65+) individuals tend to have lower participation rates, reflecting fewer individuals actively engaged in the workforce.

Figure 9 Percentage Distribution of Population and Labor Force by Age Group



Source: U.S. Census Bureau's American Community Survey (ACS 5-year)

Focusing on Flathead County in comparison to its peer communities, two key trends emerge. First, Flathead County has a relatively small share of 25- to 54-year-olds, the prime working-age population—ranking 2nd lowest among the peer counties, just above Washington County, Utah. This translates into only about 46% of Flathead County's workforce coming from this critical age group, a notably lower proportion than in other peer counties.

Second, Flathead County's population is more concentrated in the 55 to 64 and 65+ age categories. While the population of 65+ is a significant share of population in all counties except Gallatin County, its contribution to the workforce remains small accounting for less than 10% of the labor force in each counties despite its population share in each county ranging from 18 to 28%.

Additionally, Flathead County has a relatively large workforce who are 55- to 64-years-old, making up an outsized proportion of its labor force compared to its population. Since this group is transitioning into retirement or reducing work hours, the county's labor force will likely shrink in the coming years unless there is growth in younger working-age groups. Without an influx of younger workers, this demographic shift could pose challenges for workforce sustainability over the next decade.

Figure 6 illustrated the distribution of the population and labor force by age group, while this new figure shifts the focus to labor force participation rates across different age groups in Flathead County and its peer communities. Understanding these participation rates provides insight into how demographic composition translates into workforce availability.

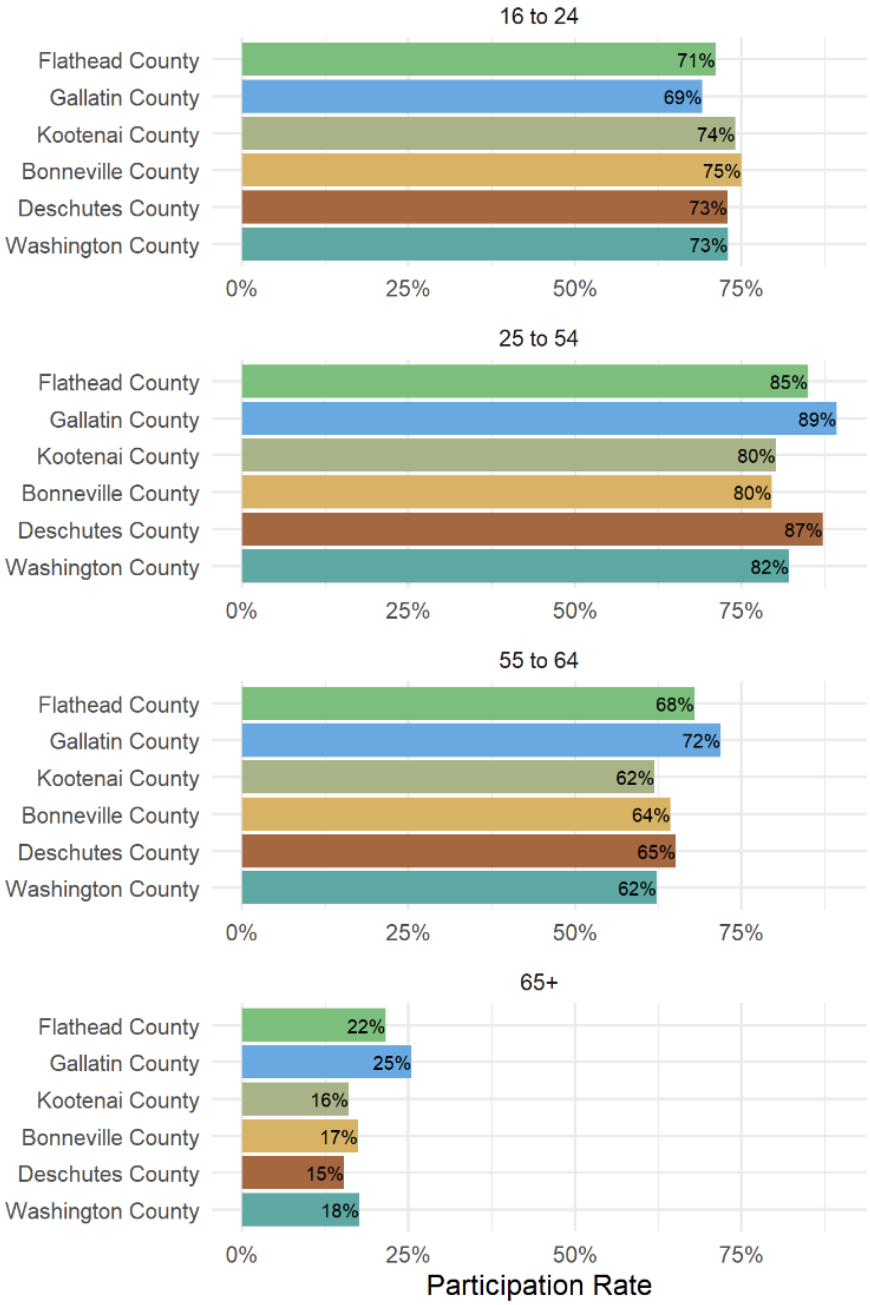
Participation among the prime working-age population (25 to 54) is typically the highest across all counties, reflecting the proportion of this group actively engaged in the workforce. Meanwhile, participation rates among older workers (55 to 64 and 65+) declines as individuals transition into retirement, though variations across counties may indicate differences in economic conditions, retirement trends, and workforce needs.

The labor force participation rates in Flathead County reveal several key dynamics when compared to its peer communities. One of the most notable trends is that Montana counties—Flathead and Gallatin—have higher participation rates among individuals approaching retirement age (55 to 64) and those at retirement age (65+) than the other counties. This suggests that a larger share of older Montanans continue working beyond the traditional retirement age.

In Flathead County, this higher participation rate among older workers aligns with its demographic structure, where a larger portion of the population falls into the 55 to 64 and 65+ categories. Since Flathead County has fewer individuals in the prime working-age category (25 to 54) compared to its peers, its labor force is being partially sustained by continued workforce participation among older individuals. In other words, with a smaller supply of younger workers, Flathead County's workforce is relying more on individuals approaching retirement age and those at retirement age to fill labor gaps.

However, Flathead County's situation differs from Gallatin County, which also has a relatively higher labor force participation among older workers (55 to 64 and 65+) but does not have the same overall demographic concentration in these age groups. In both counties, something—whether cultural attitudes, economic necessity, or a combination of factors—is driving higher labor force participation among older individuals. One possible explanation is the cost of living, which may require people to work longer to afford housing, health care, and other expenses. Additionally, the availability of part-time, seasonal, or flexible job opportunities in tourism and service industries may encourage continued workforce participation.

Figure 10 Labor Force Participation Rates by Age Range, 2023



Source: U.S. Census Bureau's American Community Survey (ACS 5-year)

The key distinction is that Flathead County has a larger overall supply of older workers, meaning its workforce is increasingly dependent on individuals approaching retirement age and those at retirement age. In contrast, Gallatin County has a stronger supply of prime working-age individuals (25 to 54), meaning that while older individuals there may also be working longer, they do not make up as significant a portion of the total labor force. This difference is critical when considering the future sustainability of the workforce—without an influx of younger workers, Flathead County may face greater challenges in maintaining a stable labor force as more individuals transition out of employment over the next decade.

Employment and Job Growth

Employment levels and job growth trends provide a clear picture of workforce stability and economic expansion across Flathead County and its peer communities. Understanding the number of employed individuals, total labor force size, and unemployment rates help assess labor market conditions, workforce availability, and economic resilience.

Table 4 Civilian Employment Status and Unemployment Rates by County, Annual Averages, 2023

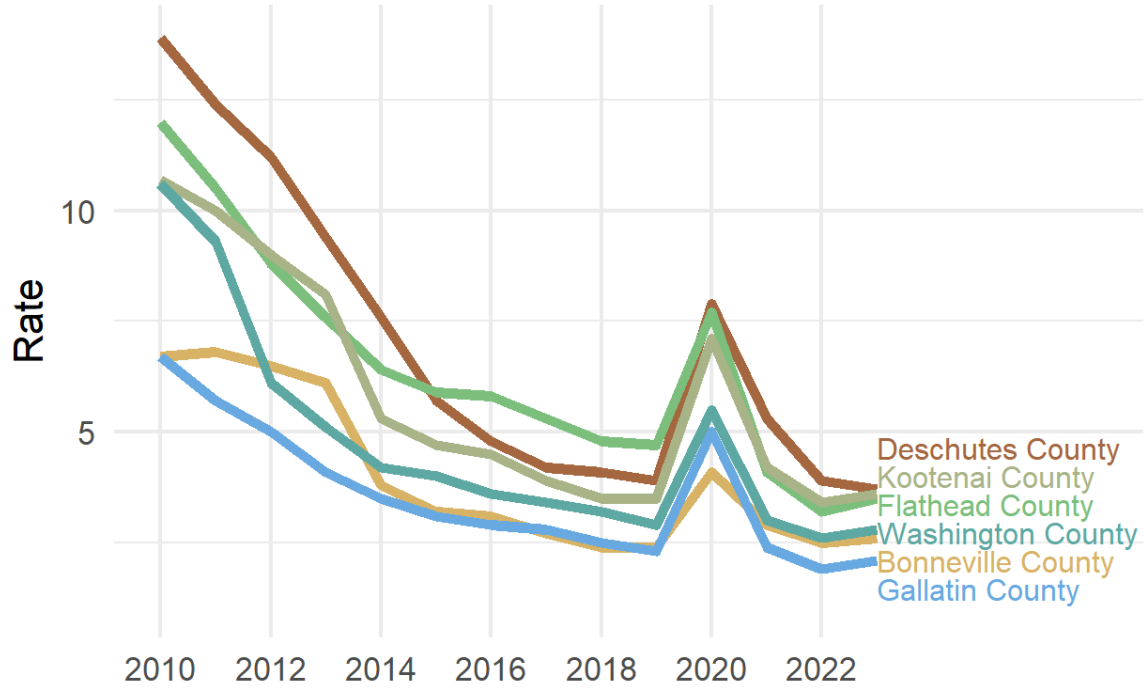
County	*Labor Force*	*Employed*	*Unemployed*	*Unemployment Rate*
Flathead	53,813	51,943	1,870	3.5%
Gallatin	79,948	78,270	1,678	2.1%
Kootenai	87,778	84,596	3,182	3.6%
Bonneville	65,279	63,581	1,698	2.6%
Deschutes	104,662	100,812	3,850	3.7%
Washington	91,377	88,839	2,538	2.8%

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics (LAUS)

As of 2023, the U.S. annual average unemployment rate stood at 3.6%, reflecting strong labor market conditions nationwide. Despite this, each county has distinct labor force characteristics that shape local employment dynamics. Overall, these peer counties exhibit average to below-average unemployment rates, indicating strong labor markets, shown in Table 4.

Flathead County's 3.5% unemployment rate is just below the national average of 3.6%, reflecting a relatively strong labor market. It is similar to Kootenai (3.6%) and Deschutes (3.7%), while Gallatin (2.1%) and Bonneville (2.6%) have notably lower rates. Washington County (2.8%) also maintains low unemployment, suggesting strong labor demand.

Figure 11 Unemployment Rate, Percent of the Civilian Labor Force, 2010-2023



Source: Bureau of Labor Statistics, Local Area Unemployment Statistics (LAUS)

Examining unemployment rates over time provides insight into the long-term labor market trajectory of Flathead County and its peer communities. Figure 11 illustrates the annual average unemployment rates across these counties, highlighting key trends in economic recovery and workforce stability.

All of these communities have experienced substantial declines in unemployment rates since 2010, reflecting post-recession recovery, economic expansion, and labor market tightening. Flathead County saw a dramatic drop from nearly 12% unemployment in 2010, the 2nd highest among its peers at the time.

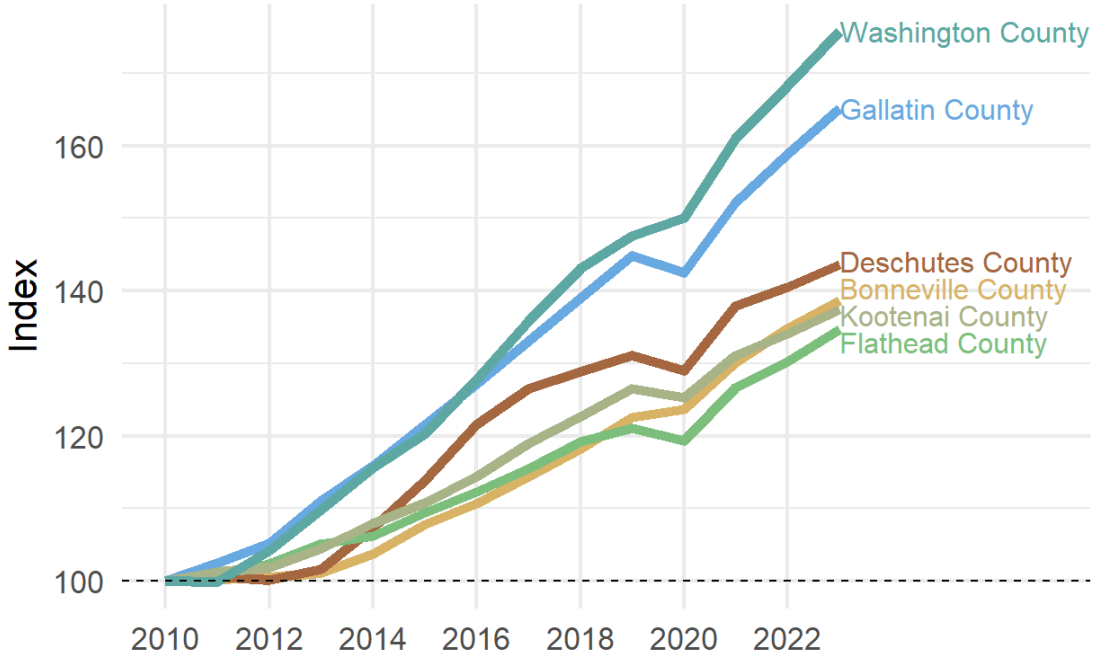
Between 2015 and 2019, Flathead County maintained a relatively high unemployment rate compared to its peers, leading the group in certain years. However, following the pandemic recovery period, its unemployment rate fell to the middle of the pack, aligning more closely with peer communities. This shift suggests that while Flathead historically experienced slightly higher unemployment, recent trends indicate a more balanced labor market relative to its regional counterparts.

While unemployment rates provide a snapshot of labor market conditions at a given point in time, employment growth trends offer a broader perspective on how job markets have evolved over time. Tracking employment expansion helps identify which counties have experienced the most workforce growth and how Flathead County compares to its peers.

Measuring total employment growth over time provides insight into the pace of job expansion across counties. An employment index standardizes this comparison by setting 2010 employment levels to 100, allowing for a clear assessment of growth trends.

In Figure 12, the employment index in Washington County in 2020 and Gallatin County in 2021 surpassed 150, indicating a 50% increase in employment. While all counties have expanded, growth rates vary. Washington and Gallatin Counties have seen the fastest job growth, exceeding 60% since 2010, while Deschutes, Bonneville, and Kootenai Counties followed with 30–40% growth. Flathead County, at just over 30% growth, has expanded steadily but at a slower pace.

Figure 12 Growth of Employment, 2010 = 100, 2010 to 2023



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW)

Since the pandemic recovery, the slope of employment growth has steepened, indicating accelerated short-term expansion across all counties. Flathead County, previously slower growing, has tracked closer to its peers since 2020, suggesting a more rapid recent expansion even if its overall growth remains behind Washington and Gallatin.

Educational Attainment

The distribution of educational attainment among adults in Flathead County and its peer communities highlights important differences in workforce qualifications and the structure of local economies. Figure 9 displays the percentage of the 18+ population in each county that has achieved various levels of education, from less than a high school diploma to graduate or professional degrees. While these figures provide insight into the educational composition of the labor force, they also reflect the types of industries and job opportunities available in each region.

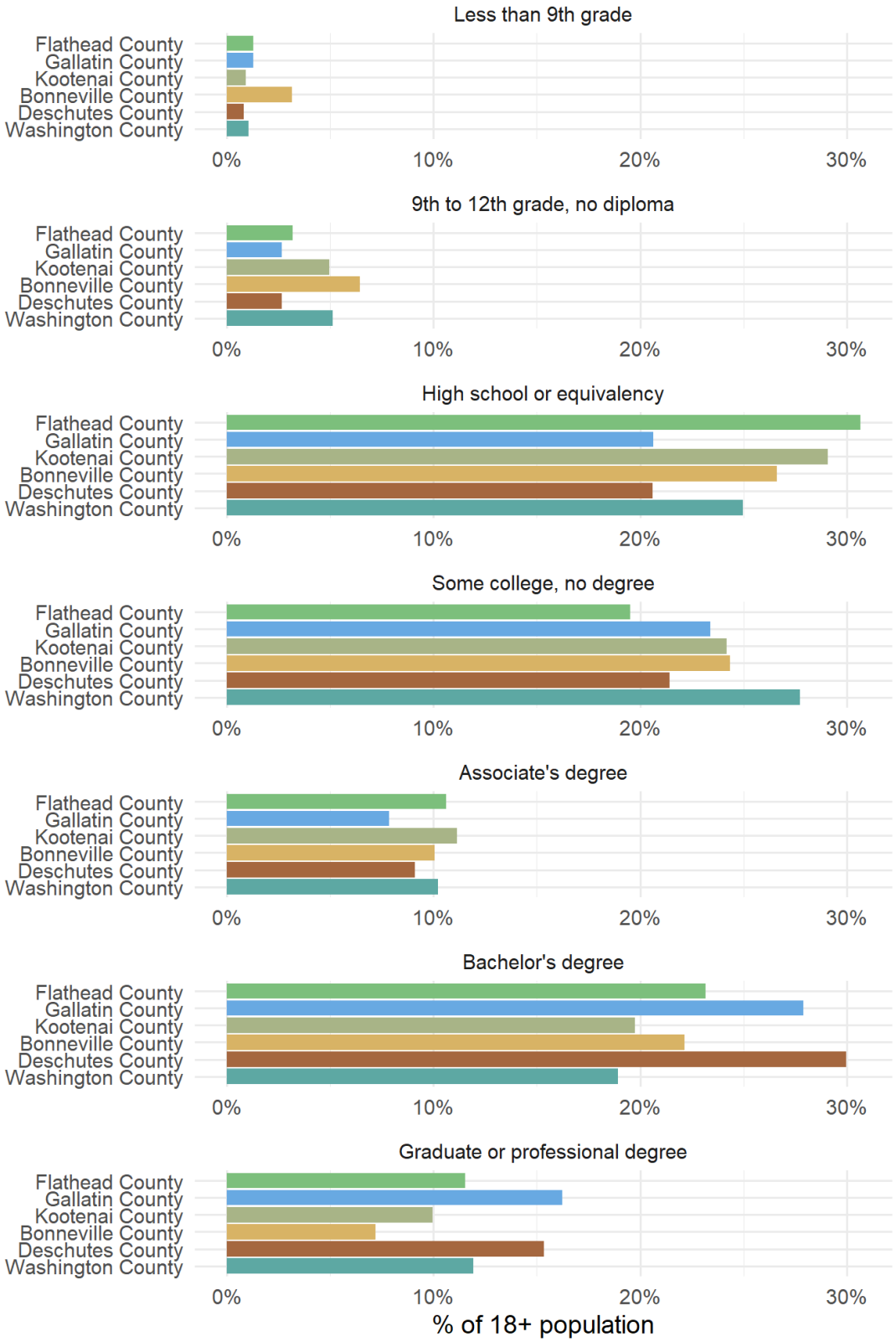
Flathead County has a strong base of high school graduates and individuals with some college experience but lags some peer counties in the share of residents holding a bachelor's or graduate degree. In contrast, Gallatin County leads in higher educational attainment, a trend strongly influenced by the presence of Montana State University and the county's growing professional and technology sectors.

However, the relationship between local universities and workforce composition varies. Washington County, despite being home to Utah Tech University with an enrollment exceeding 10,000, does not exhibit a particularly high concentration of degree-holding residents. This suggests that the university's academic programs and graduates may not align with the needs of the surrounding job market, leading many to seek employment elsewhere.

Meanwhile, Deschutes County has a relatively high share of college-educated residents, despite lacking a major university. While the Cascades campus of the University of Oregon serves the area, much of its student population is tied to its community college. The prevalence of highly educated workers in Deschutes suggests that the county has successfully attracted and retained degree holders through job opportunities rather than through a university-driven pipeline.

These trends indicate that educational attainment is not just a reflection of a county's labor force but also of the skills demanded by the local job market. Flathead County's educational profile aligns more closely with Kootenai and Bonneville counties, where technical education and associate degrees are more prominent, likely reflecting a labor market that relies on skilled trades, health care, and service industries. If Flathead County seeks to expand opportunities for professionals with bachelor's and graduate degrees, policies aimed at workforce development, economic diversification, and attracting knowledge-based industries could play a role. Additionally, understanding how counties like Deschutes have built a strong base of college-educated workers without a major university could provide insights into strategies for growing and retaining a highly skilled workforce.

Figure 13 Educational Attainment of 18+ Residents, 2023



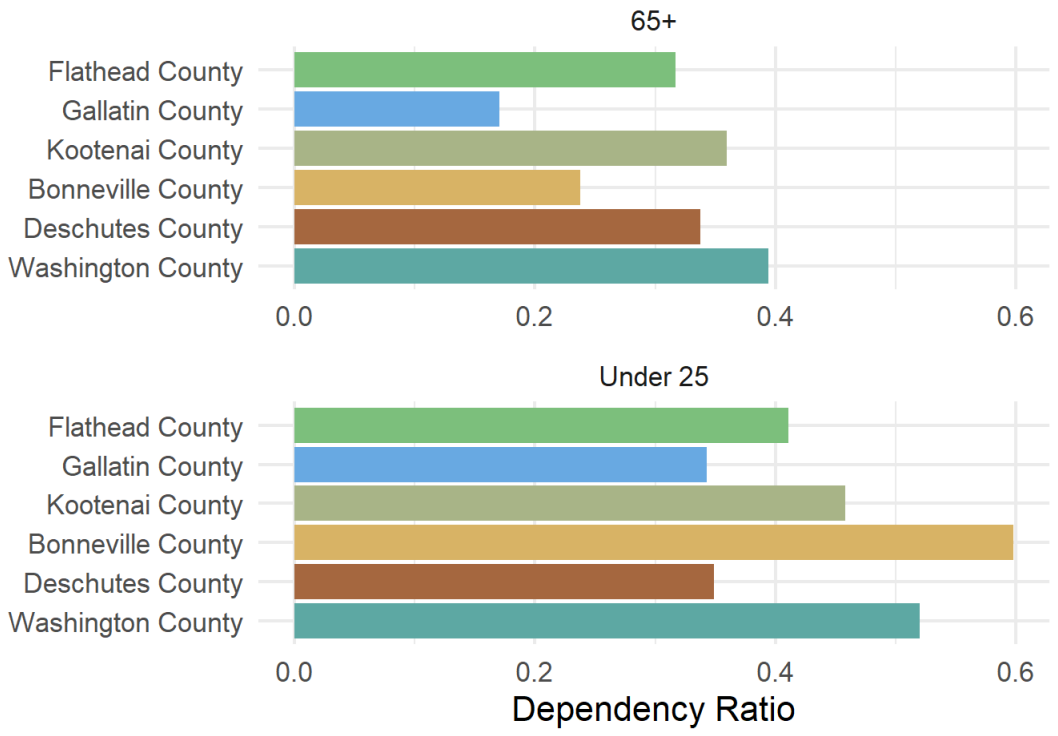
Source: U.S. Census Bureau's American Community Survey (ACS 5-year)

Economic Dependency Ratio

The economic dependency ratio is a refined measure of the economic burden on the workforce, considering only the population not participating in the labor force relative to those who are actively working. Unlike the traditional dependency ratio, which broadly categorizes specific age groups (e.g., under 25 and 65+) as dependents, the economic dependency ratio accounts for variations in labor force participation within these groups. This adjustment provides a more realistic assessment of economic pressure. For example, a 65 year or older dependency ratio of 0.2 means that for every person actively participating in the labor force, there are 0.2 individuals who are not economically active in that age group. In simpler terms, about one non-working person is supported by five working individuals.

Populations under 25 and over 65 represent two distinct groups with varying levels of labor force participation. Those under 25 often include students who may engage in part-time or seasonal work, contributing to the workforce at lower rates compared to prime working-age groups. Meanwhile, individuals aged 65 or older typically encompass retirees, but a growing share of this population remains economically active, either out of financial necessity or personal choice. These dynamics highlight the importance of incorporating labor force participation rates into the analysis of these age groups to capture their actual contribution to the economy and avoid overstating dependency burdens.

Figure 1Economic Dependency Ratio, 2023



Source: U.S. Census Bureau, American Community Survey (ACS 5-year)

Flathead County has a relatively high old-age economics dependency ratio, of 0.32, so about one non-working person aged 65 or older is supported by three working individuals, compared to Gallatin and Bonneville Counties, around one in five, this is first explained by the larger share of residents over 65. However, this burden is partially mitigated by the relatively high participation rates among residents 65 or older.

In contrast, Gallatin County has a notably lower old-age dependency ratio, reflecting its younger population and stronger labor force participation among older adults. This aligns with Gallatin's status as

a university- and knowledge-driven economy, where higher workforce engagement and a steady influx of younger workers help maintain a more balanced labor market.

Flathead County's youth dependency ratio is moderate compared to its peers, suggesting a relatively balanced number of young individuals reliant on the workforce. This contrasts with counties such as Bonneville and Washington, where higher youth dependency ratios—driven by larger student and child populations—place additional strain on working-age residents.

Overall, Flathead County's economic burden is shaped more by an aging population than by youth dependency, setting it apart from some of its peer regions. In the short term, this trend highlights the importance of workforce retention strategies that encourage labor force participation among older residents, including job training, flexible work arrangements, and incentives for older workers to remain in or re-enter the labor market. While these efforts can help alleviate immediate labor shortages, they are not a permanent solution, as these individuals will eventually transition out of the workforce.

Long-term strategies will need to focus on population renewal and workforce development to sustain economic growth. Expanding efforts to attract and retain younger workers—through initiatives such as investments in childcare and education, and the development of industries that appeal to a younger workforce—will be essential in maintaining a balanced dependency ratio. Additionally, promoting in-migration of working-age individuals and fostering local entrepreneurship could help stabilize labor supply over time. Without such measures, Flathead County may face increasing economic strain as its aging workforce retires, leading to potential labor shortages and increased demand for social services.

Remote Work Shares

The shift toward flexible and remote work has reshaped labor force dynamics in recent years, reflecting broader structural changes in employment. Table 4 highlights this transformation, showing a significant rise in the number of remote workers per 1,000 employed individuals across peer counties from 2018 to 2023. While the shift took place in all communities, Flathead, Kootenai, and Washington counties saw the most dramatic increases, growing by 137%, 113%, and 122%, respectively. Deschutes County, which already had the highest share of remote workers in 2018, continued to grow but at a more moderate pace (+72%).

Table 5, Work from Home per 1,000 Workers

County	*2018*	*2023*	*Change*	*% Change*
Flathead County	58	137	79	137%
Gallatin County	71	145	74	104%
Kootenai County	55	117	62	113%
Bonneville County	45	87	42	92%
Deschutes County	104	179	75	72%
Washington County	61	134	74	122%

Source: U.S. Census Bureau, American Community Survey (ACS 5-year)

This surge in remote work has broad implications for labor force characteristics, favoring industries that allow location flexibility, such as professional services, technology, and finance. The strong growth in Flathead and Kootenai counties suggests that these areas are increasingly attractive to remote workers, likely due to their natural amenities, quality-of-life, and expanding digital infrastructure. Washington County's significant increase may reflect a growing demand for remote work options within a region historically not shaped by higher skilled labor.

The ability to work remotely can also support labor force participation by enabling individuals who might otherwise be constrained by geographic or commuting limitations—such as parents, older workers, or those in rural areas—to remain employed. In areas like Flathead and Kootenai Counties, where economic

opportunities were once more closely tied to tourism and resource-based industries, the rise of remote work could lead to greater diversification in local job markets.

Furthermore, this emerging remote workforce could provide a potential labor pool for local businesses if higher-paying jobs are developed within the community that align with their skills and career trajectories. Encouraging remote professionals to transition into locally based employment would not only strengthen the workforce but also contribute to regional economic stability.

As remote work continues to shape regional economies, counties experiencing high growth in this sector may need to adapt their workforce and infrastructure planning. Investments in broadband expansion, co-working spaces, and workforce training tailored to digital industries will be essential for sustaining this trend. However, the rise in remote work also brings challenges, particularly in the housing market, where shifting demand dynamics can have significant economic implications.

The increasing presence of remote workers may weaken the traditional relationship between local wages and local housing costs. Unlike workers who rely on local employment opportunities, remote workers often earn wages tied to higher-cost urban labor markets while living in lower-cost regions, driving up housing demand and prices in desirable areas.

This disconnect can lead to housing market imbalances, particularly in communities where the influx of remote workers, retirees, and vacation homes outpaces the existing housing supply and the region's capacity for growth. As a result, rising home prices may further strain affordability for local workers whose earnings are tied to the regional labor market. These shifts underscore the evolving nature of employment and highlight the need for strategic planning that aligns remote-work growth with an area's housing stock and its ability to expand residential development. Without sufficient housing supply, affordability challenges may intensify, potentially displacing local workers and limiting economic opportunities for long-term residents.

3. Industry Concentration and Employers

The structure of a region's economy is shaped in part by the concentration of employment across industries and the relative earnings within those sectors. Understanding these dynamics helps identify key drivers of economic activity, competitive advantages, and potential vulnerabilities within a local economy.

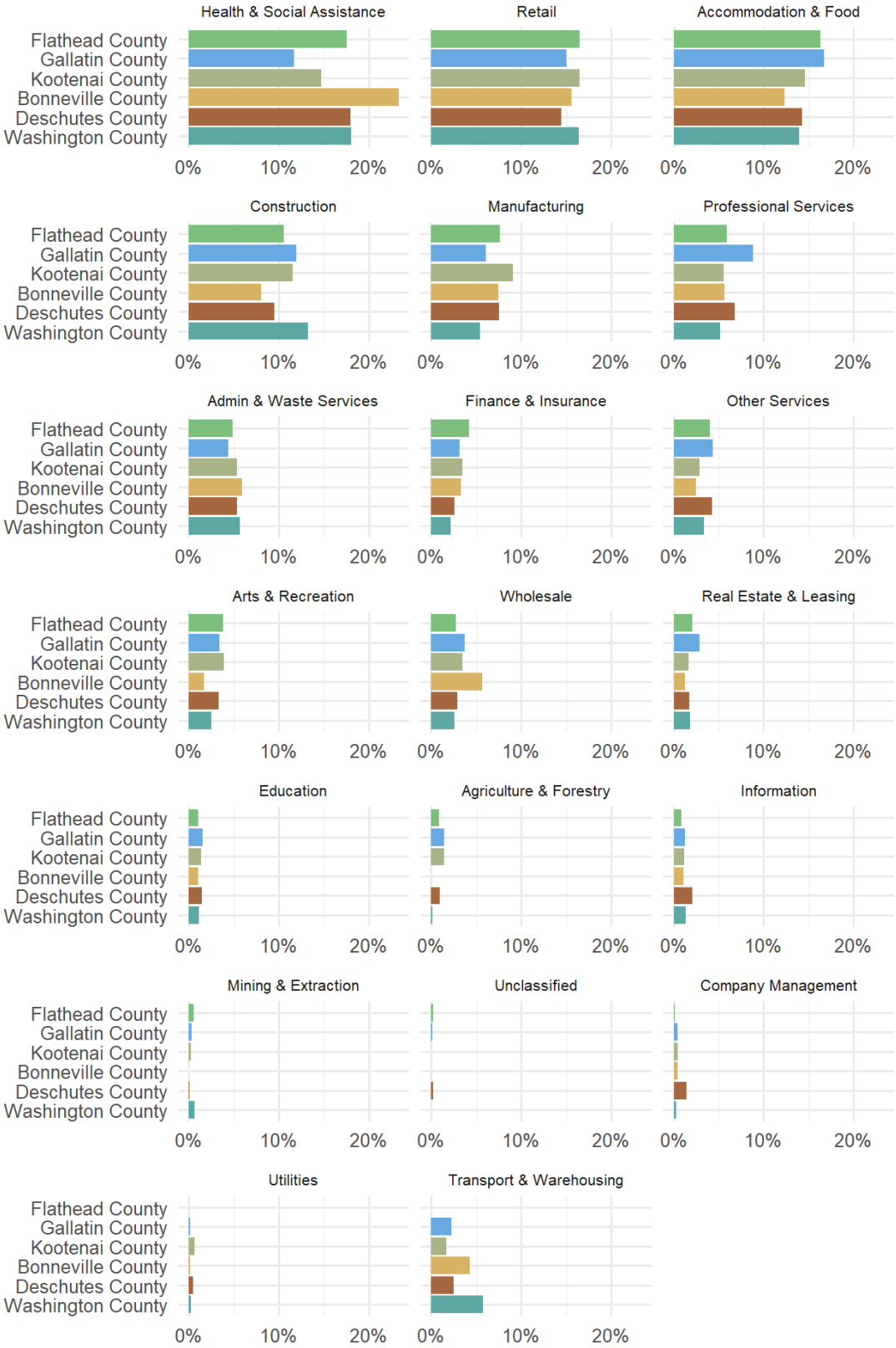
Employment by Industry

Across all counties, health care, retail, and tourism-related industries (accommodation and food services) account for a substantial share of total employment. These sectors reflect the service-based economies of these regions, particularly in communities with strong tourism or regional retail hubs. Gallatin County leads in accommodation and food services employment, likely driven by its proximity to Yellowstone National Park and a large student population. Flathead County follows closely behind, emphasizing the significance of tourism in its economy.

One area where Flathead County stands out is manufacturing, which comprises a larger share of employment than in most peer counties, aligning more closely with Kootenai County (Coeur d'Alene, ID). This suggests that Flathead maintains a stronger industrial base than other regional peers, contributing to a more diversified economy.

Another notable distinction is Flathead County's relatively large share of employment in finance and insurance. This may be influenced by the presence of Glacier Bancorp's headquarters in Kalispell, which could contribute to a more developed financial services sector than in other counties of similar size. In contrast, counties like Gallatin and Deschutes that are more oriented toward professional services, tourism, and education, show lower employment shares in this sector.

Figure 15 Private Employment by Industry



Source: U.S. Department of Labor Statistics Quarterly Census of Employment and Wages (QCEW)

The strong presence of manufacturing and finance provides Flathead County with a more balanced economic base, offering stability beyond tourism and seasonal industries. However, its reliance on tourism-related employment still makes it susceptible to economic fluctuations tied to travel trends, consumer spending, and housing market cycles (through construction).

Additionally, the relatively smaller professional services sector compared to Gallatin and Deschutes counties could indicate fewer high-wage job opportunities tied to knowledge-based industries. If Flathead County aims to expand into these sectors, investment in workforce development, digital infrastructure, and business recruitment could be strategic areas of focus.

Location Quotients Earnings by Industry

Understanding which industries generate higher earnings relative to national benchmarks provides insight into a region's economic strengths and opportunities for growth. Location Quotients (LQs) measure the concentration of an industry within a local economy compared to the national average. An LQ greater than 1 indicates that an industry is more concentrated in a region than in the U.S. overall, while an LQ less than 1 suggests a lower concentration. When applied to earnings, LQs highlight which industries not only have a strong local presence but also provide higher wages relative to national norms, making them key contributors to economic stability and expansion.

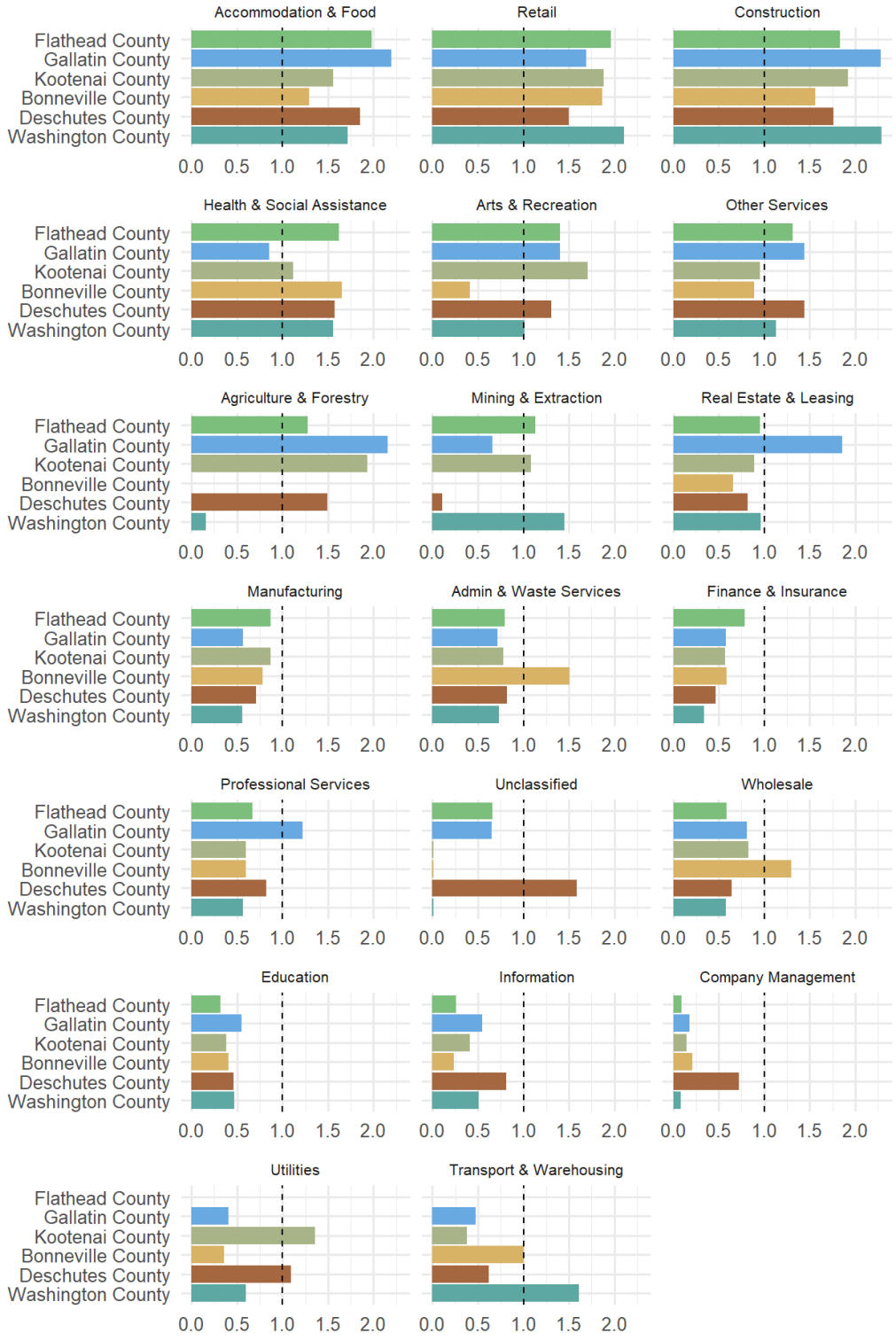
The dotted vertical line at 1.0 in Figure 16 represents the national concentration level. Industries with bars extending past this threshold are highly specialized and likely pay above-average wages relative to national earnings trends. This can indicate industries that drive regional economic growth, attract investment, and sustain a competitive workforce.

The top five industries by employment are also the top five industries by earnings, confirming that these sectors not only provide a significant share of jobs but also serve as major drivers of income across the region. This pattern suggests that the industries sustaining the largest workforces are also key contributors to economic stability, reinforcing their importance in shaping regional growth. The consistency in employment and earnings across these leading sectors highlights their central role in supporting household incomes and local spending, which in turn fuels demand for services, housing, and infrastructure.

One area where Flathead County stands out is in its higher-than-average earnings concentration in natural resource extraction industries, which include agriculture, forestry, mining, and extraction. Compared to both the national average and its peer counties, Flathead demonstrates a stronger wage presence in these industries, suggesting that they play a more significant role in the local economy than in other similar regions. This may be due to specialized industries within forestry and wood products, as well as resource extraction activities that offer relatively high wages. Unlike many of its peer counties, which lean more heavily toward service-based economies, Flathead retains a strong wage presence in resource-based industries, reinforcing its economic diversity.

Additionally, Flathead County has the highest concentration of manufacturing earnings among its peers, coming closest to the U.S. level. This reflects both the scale of manufacturing employment and the competitiveness of wages in this sector. A strong manufacturing wage concentration indicates that these jobs provide above-average earnings relative to other industries in the county, making them important contributors to the region's overall income base. Given its relative strength in both resource extraction and manufacturing, Flathead County benefits from a more balanced mix of industrial and service-based employment, differentiating it from peer regions that may rely more heavily on tourism, health care, or professional services.

Figure 2 Location Quotients for Total Earnings, Compared to U.S. Concentration



Source: U.S. Department of Labor Statistics Quarterly Census of Employment and Wages (QCEW)

Taking the location quotient analysis to a higher level of detail–3-digit NAICS codes–can provide a higher level of insight into specific strengths and weaknesses relative to peers. Three-digit comparative location quotient analysis provides detailed assessment of strengths and weaknesses relative to peers. Flathead County's strongest areas of concentration are related to its natural environment, a strong tourism sector driven by outdoor recreation opportunities at Glacier National Park, Flathead Lake, and Whitefish ski resort, and a traditional concentration in wood products. Peer counties also have concentrations in these areas, but Flathead County stands out for the highest concentrations and greatest dependence on tourism and wood products.

In Flathead County, two areas of strength—computer and electronic product manufacturing and credit intermediation and related activities, also known as banking—are notable because they are extraordinary for similarly situated regions. Economic concentrations in these typically high-paying sectors are unusual in places like Flathead, as evidenced by the fact that none of the peer counties have location quotients above one in these industries. The concentrations are attributable to two successful local corporations, Applied Materials and Glacier Bancorp. Both companies have expanded in recent years and have the potential to drive future growth. Applied Materials is positioned in a critical, fast-growing tech industry, and the strong local banking environment with Glacier Bank at its foundation provides critical support for regional entrepreneurs. The following list shows 3-digit NAICS codes with high industry concentrations compared to peer counties and all U.S. Counties, defined as employment or wage LQ>1 and higher than all or all but one peer county.

- NAICS 334 Computer and electronic product manufacturing
- NAICS 522 Credit intermediation and related activities
- NAICS 487 Scenic and sightseeing transportation
- NAICS 212 Mining (except oil and gas)
- NAICS 321 Wood product manufacturing
- NAICS 457 Gasoline stations and fuel dealers
- NAICS 449 Furniture, home furnishings, electronics, and appliance retailers
- NAICS 722 Food services and drinking places
- NAICS 721 Accommodation
- NAICS 713 Amusement, gambling, and recreation industries
- NAICS 441 Motor vehicle and parts dealers
- NAICS 459 Sporting goods, hobby, musical instrument, book, and miscellaneous retailers

However, the peer-county comparisons also show some underdeveloped sectors. Looking at industries that are underdeveloped in Flathead County relative to peer communities can provide a perspective on opportunity areas. None of the peer counties are manufacturing centers, but some have been able to develop small concentrations in specific areas such as electrical equipment, chemicals, or miscellaneous medical equipment in a way that is similar to Flathead County's overperformance in computer products. One area of underdevelopment in Flathead County that stands out given its strong performance in other visitor-related fields is a very low concentration in museums, historical sites, and similar institutions. The Bureau of Labor Statistics (BLS) reports only three such employers in Flathead County employing about 20 people, a tiny location quotient of 0.2, whereas the highest-income peer counties of Gallatin and Deschutes have successfully established concentrations in this area with location quotients >1. Museums and similar institutions could be an opportunity for further investment in Flathead County to diversify and grow its tourism economy while adding a quality-of-life amenity for the local population. It is important to note that these peer counties are larger in population, which has helped them have somewhat more success in diversifying their economies beyond tourism and natural resources. The following list shows

3-digit NAICS codes where Flathead County has low concentrations compared to both peer counties and all U.S. counties.

- NAICS 115 Support activities for agriculture and forestry
- NAICS 339 Miscellaneous manufacturing
- NAICS 335 Electrical equipment, appliance, and component manufacturing
- NAICS 325 Chemical manufacturing
- NAICS 423 Merchant wholesalers, durable goods
- NAICS 712 Museums, historical sites, and similar institutions
- NAICS 513 Publishing industries

4. Business Activity

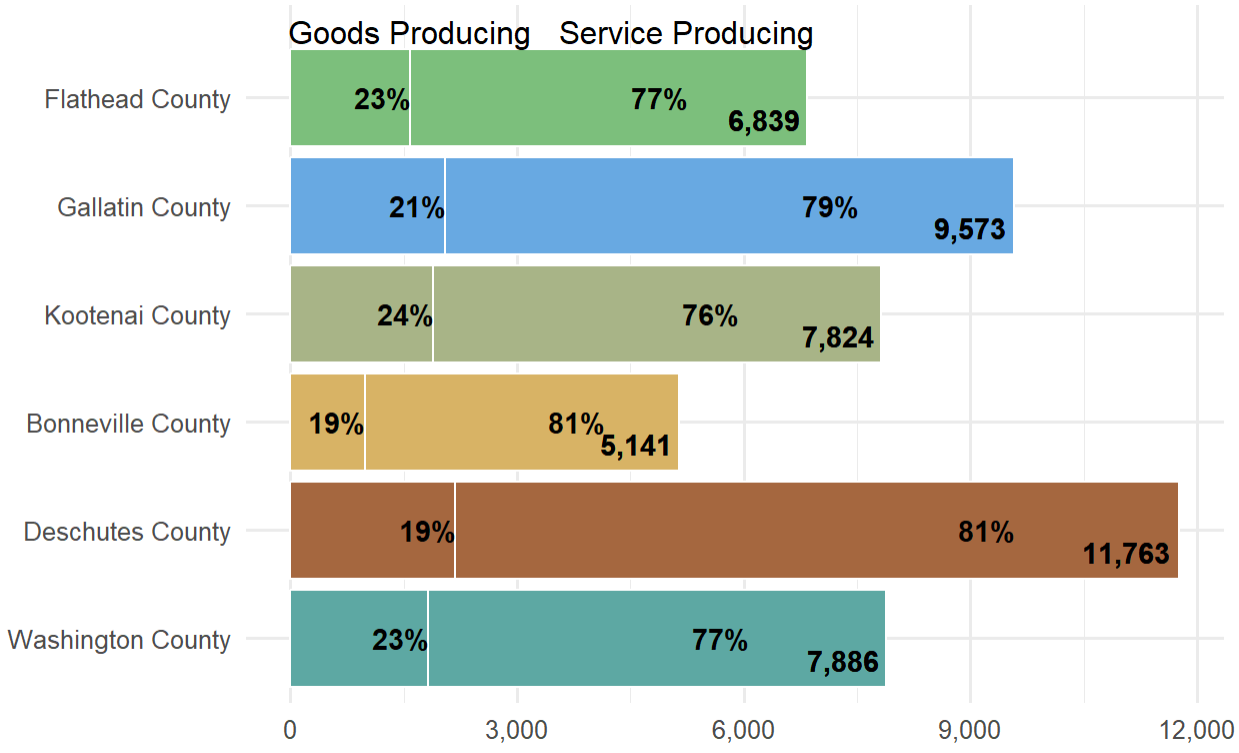
The strength and composition of business activity in a region provides insight into economic dynamism, industry diversity, and entrepreneurial trends. Examining the number of business establishments, their industry classifications, and patterns of growth helps identify key drivers of economic expansion and structural shifts within the local economy. In addition to employer-based businesses, self-employment plays a significant role in shaping local economic activity, particularly in sectors where independent business ownership is prevalent. Understanding the balance between employer establishments and self-employment provides a more comprehensive view of the region's business landscape and its capacity for entrepreneurial growth.

Number of Establishments

Figure 17 illustrates the scale of business establishments across peer counties, with Deschutes County having the largest number of establishments (11,763) and Bonneville County the smallest (5,141). Flathead County falls in the middle, with over 6,800 establishments. Despite variations in total business counts, all counties have a relatively high share of service-producing establishments, ranging from 76% to 81% of total businesses. This indicates that while goods-producing industries remain important, service-based enterprises dominate the business landscape across all regions.

Flathead County has 6,839 total establishments, with goods-producing industries accounting for 23% of businesses, a share similar to Washington and Kootenai Counties. This suggests that while Flathead maintains a strong base of goods-producing businesses (such as manufacturing, construction, and natural resource industries), service-producing industries drive most of the business activity. The balance between these sectors highlights Flathead's economic diversity, as it retains a significant industrial presence while also supporting a robust service sector.

Figure 3 Number of Establishments



Source: U.S. Department of Labor Statistics Quarterly Census of Employment and Wages (QCEW)

Business Growth

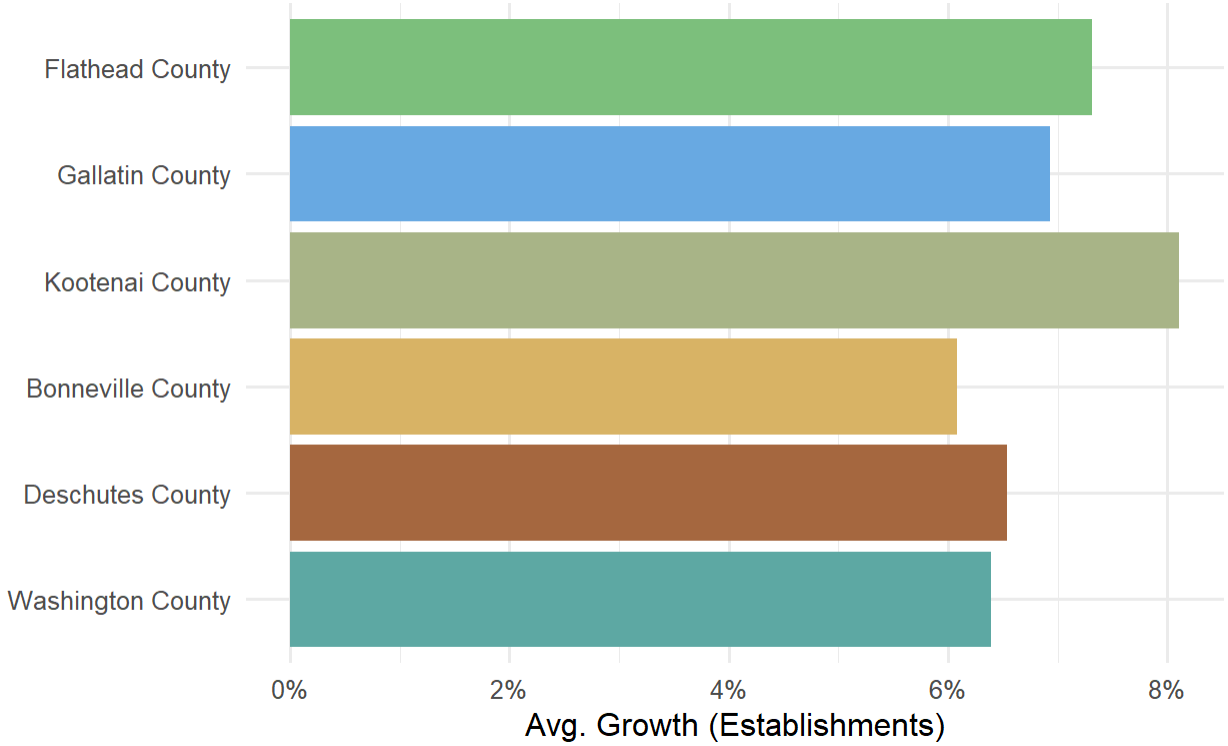
While the overall number of business establishments provides a snapshot of a region's economic structure, trends in business growth offer a more dynamic perspective on economic expansion and entrepreneurial activity. Tracking the rate at which new businesses are formed, or existing ones survive or are replaced, helps assess a region's economic momentum and long-term sustainability. This distinction is important, as establishment growth reflects not only new business creation but also the overall business climate's ability to support and retain businesses over time.

Flathead County ranks second only to Kootenai County in business establishment growth among its peer regions, with Montana and Idaho counties experiencing the fastest expansion, as shown in Figure 18. The figure highlights new business formation across these counties, reflecting factors such as economic opportunity, population growth, and industry diversification. Counties with higher establishment growth rates may indicate stronger entrepreneurial activity or favorable business conditions, while slower growth could suggest industry-specific constraints or structural economic challenges.

Flathead County's strong growth rate suggests it remains a competitive location for business development, benefiting from a business climate that supports new enterprise formation. Differences in

establishment growth across these counties are influenced by industry mix, local business policies, and access to capital.

Figure 4: Business Establishment Growth, 2018–2023



Source: U.S. Department of Labor Statistics Quarterly Census of Employment and Wages (QCEW)

While Kootenai County leads the group, Figure 19 breaks down business establishment growth from 2018 to 2023 into goods-producing and service-producing sectors for each county. This distinction highlights differences in the composition of business expansion across peer communities.

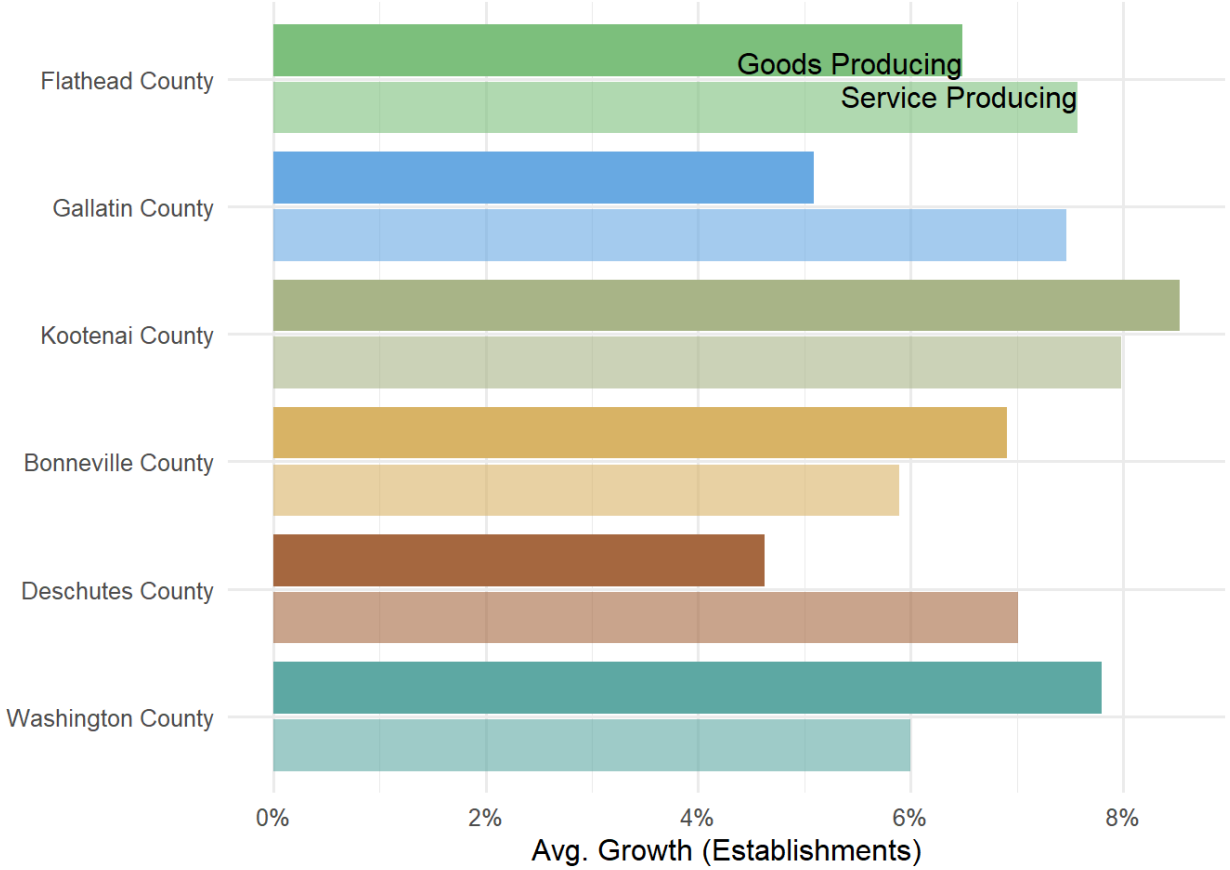
Flathead County's establishment growth concentrates in the service sector, consistent with broader national trends toward a service-driven economy. The county's expansion in service-producing industries reflects growth in its largest sectors such as hospitality, health care, retail, and other services.

On the other hand, Kootenai County, Idaho, stands out with a notably higher share of growth in goods-producing establishments. While much of the country has transitioned toward a service-oriented economy, Kootenai County's industrial and goods-producing growth is exceptional. Given its long-standing tourism economy centered in Coeur d'Alene, this shift highlights an expansion in construction and manufacturing industries supporting the region's population and economic growth.

A mix of factors contributes to these differences, including industry composition, workforce availability, and local economic policies. Notably, Gallatin County is the only peer county experiencing strong service sector growth despite its direct access to an interstate highway. Typically, proximity to an interstate corridor facilitates goods-producing industries by reducing transportation costs and improving supply chain efficiency. The fact that all other peer counties with interstate access have seen substantial goods-producing growth, while Gallatin remains service-dominated, suggests that other economic drivers—such

as its university presence and tourism industry—are shaping its business composition in ways that differentiate it from its peers.

Figure 5 Business Establishment Growth by Product Category, 2018–2023



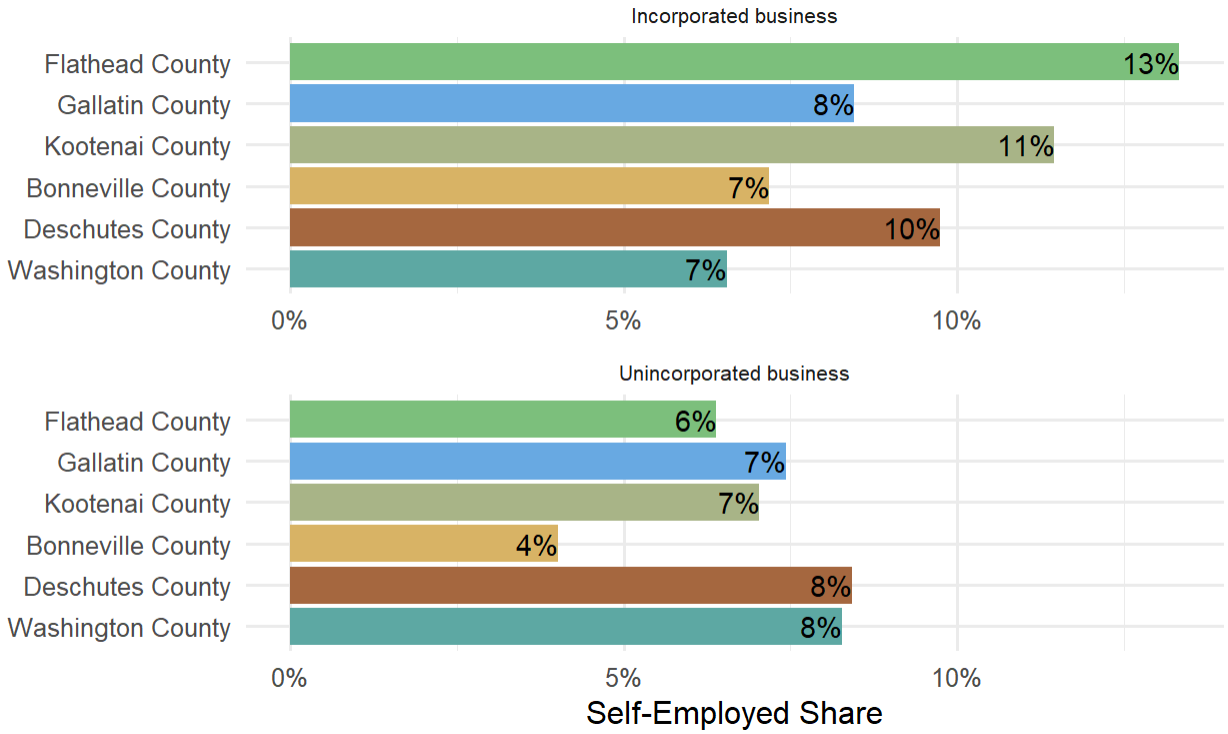
Source: U.S. Department of Labor Statistics Quarterly Census of Employment and Wages (QCEW)

Self-Employment

Figure 20 illustrates the self-employed share of total county employment, distinguishing between incorporated and unincorporated businesses. Since all of these counties are high-amenity areas, their economies are likely influenced by tourism, outdoor recreation, remote work, and lifestyle-driven migration. These factors can contribute to higher overall self-employment rates, as people move to these areas for quality of life and create their own work opportunities.

Flathead County stands out with the highest incorporated self-employment (13%), suggesting a greater presence of professional service businesses, remote entrepreneurs, and high-income migrants who formalize their operations for tax or liability benefits. Kootenai (11%) and Deschutes (10%) Counties also have relatively high incorporated self-employment rates, indicating a stronger presence of small business owners and formal independent contractors.

Figure 20 Self-employment rates.[1]



Source: U.S. Census Bureau's American Community Survey (ACS 5-year)

In contrast, Washington and Deschutes Counties have the highest unincorporated self-employment (8%), suggesting a stronger gig economy, tourism-related work, and independent contractors. These counties may have a larger share of seasonal and informal self-employment, where workers do not find it necessary to incorporate.

Bonneville County has the lowest unincorporated self-employment (4%), pointing to a more traditional employer-driven workforce. This suggests that fewer workers in Bonneville are creating their own jobs, possibly due to stronger local employment opportunities with larger firms.

Overall, the variation in incorporated vs. unincorporated self-employment across these high-amenity counties reflects entrepreneurial migration, outdoor recreation-based industries, and remote work opportunities. Some counties favor more formalized business structures, while others have a larger share of flexible, independent work that is less likely to be incorporated.

[1] The U.S. Bureau of Economic Analysis (BEA) discontinued its county-level self-employment data in November 2023 due to budget constraints. As a result, this section now relies on data from the U.S. Census Bureau's American Community Survey (ACS), which provides detailed demographic and economic characteristics, including self-employment figures at the county level. While ACS estimates are based on survey responses rather than administrative records, they remain one of the most comprehensive sources available for tracking self-employment trends across counties.

5. Residential Real Estate Activity

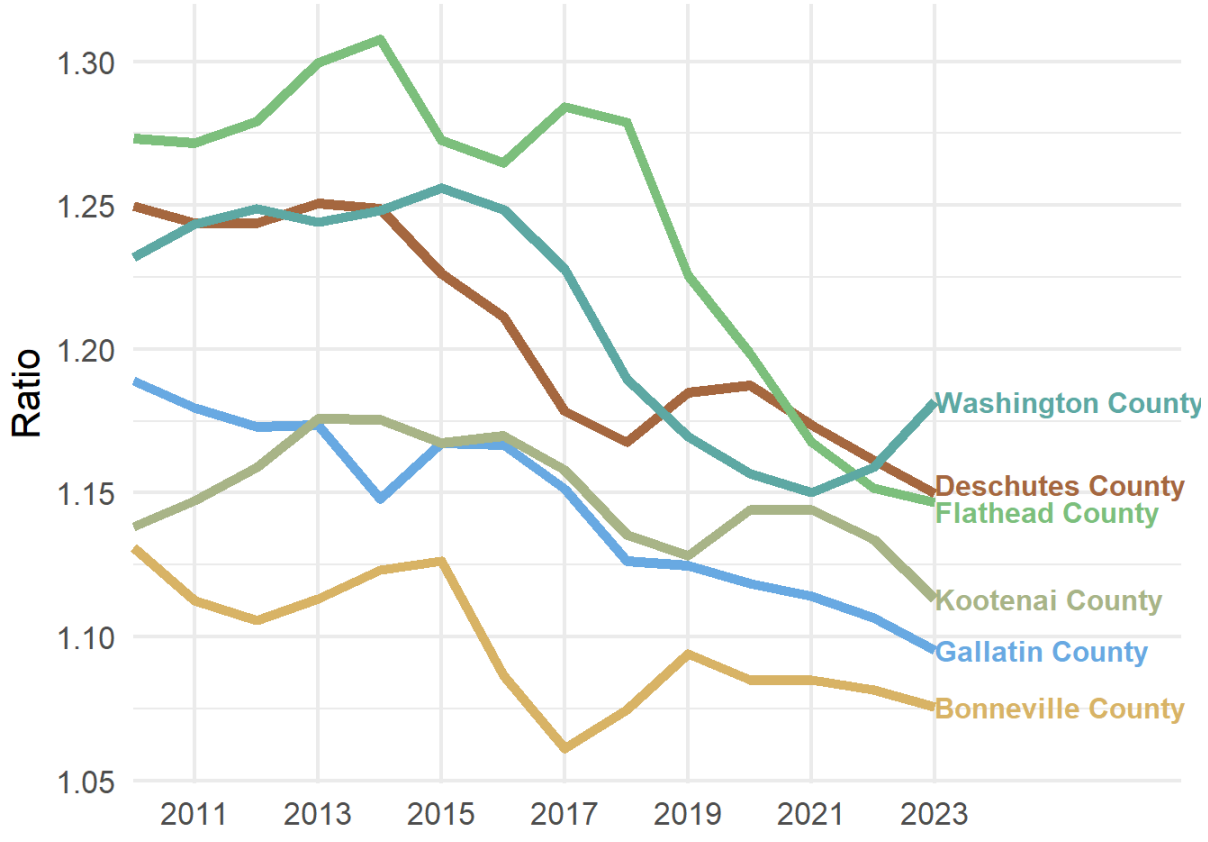
The housing market plays a crucial role in shaping local economies, influencing workforce availability, household financial stability, and regional growth patterns. In Flathead County, residential real estate trends reflect a dynamic interplay between housing supply, prices, and affordability. By comparing Flathead County to its peer communities, we can better understand how local conditions stack up against similar areas.

Housing Supply

All of the communities in this analysis represent tight housing markets, where demand often exceeds supply. However, not all housing units in these counties are available for occupation by full-time residents. Some are used as seasonal homes, short-term rentals, or remain vacant for other reasons. Despite these variations, a clear trend emerges—across all peer communities, the number of housing units relative to the number of households has declined over time.

One way to assess the tightening or loosening of housing supply is by examining the relationship between the number of housing units to households over time. A ratio close to one suggests tight housing availability, while higher values indicate greater levels of unoccupied or seasonal housing. Flathead County maintained relative stability in this ratio until about 2018, after which it declined rapidly, reaching just under 1.15 housing units per resident household—similar to trends observed in Deschutes County, Oregon. Notably, Washington County, Utah, is the only peer county to show a reversal in this ratio since the pandemic, suggesting a relative easing of housing supply pressures in that region.

Figure 21 Ratio of Housing Units to Households, 2010–2023



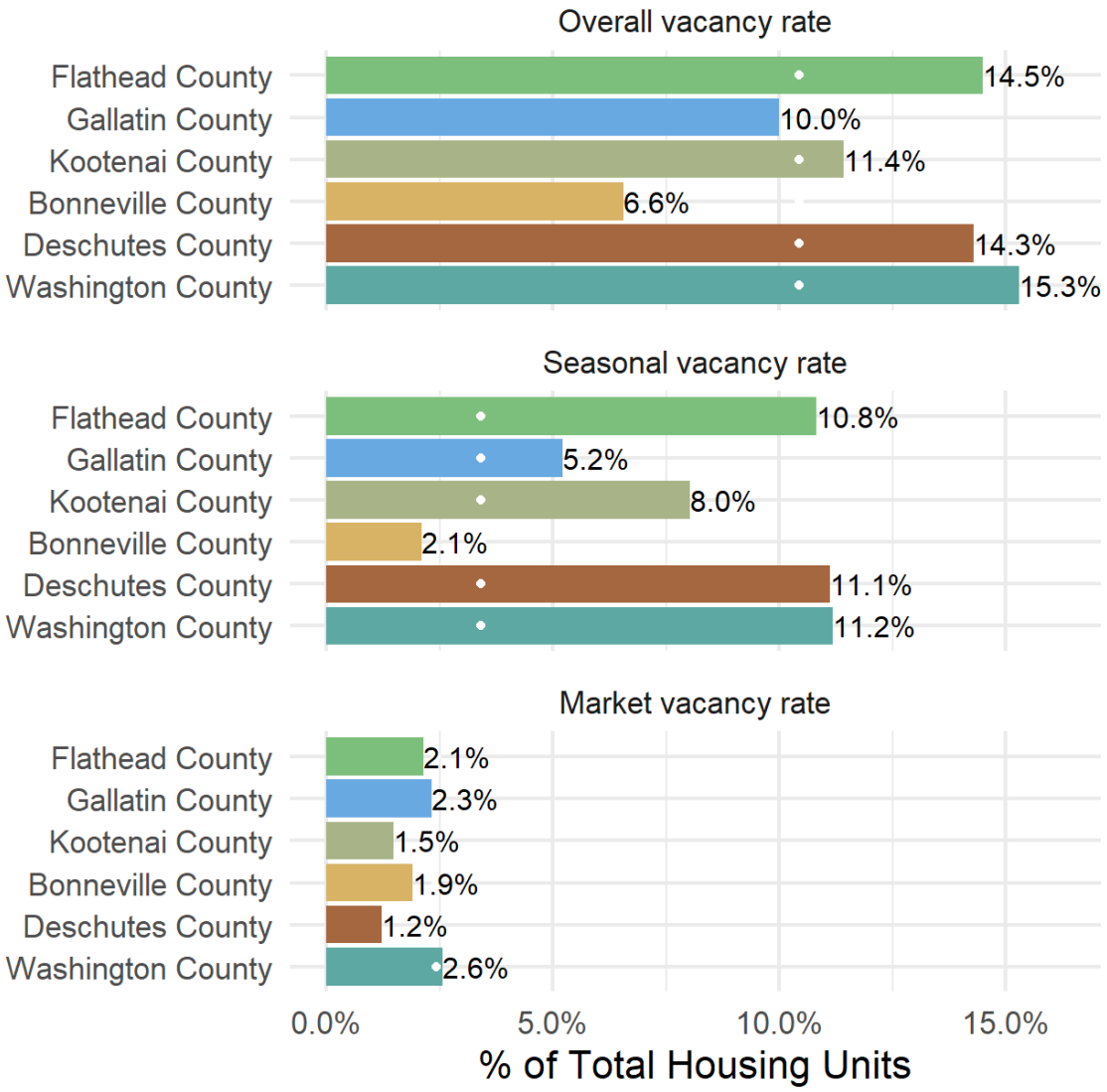
Source: U.S. Census Bureau Population and Housing Units Estimates (PEP), American Community Survey (ACS 1-year), BBER Analysis

Looking deeper into housing vacancies we see seasonal vacancies as another cause for housing supply strain across most of these peer communities. In half of the peer counties, 10% or more of total housing units are not occupied by full-time residents. Understanding the composition of vacant housing is crucial for assessing how much of the existing housing stock is available for residents. In communities where seasonal vacancies make up a significant portion of total housing units, a large share of the housing supply is removed from the local market, limiting options for full-time residents and increasing competition for available homes.

Figure 22 breaks down vacancy rates as a percentage of total housing units into three categories:

- Overall vacancy – the total share of unoccupied housing units,
- Seasonal, recreational and occasional use – often driven by second-home ownership or vacation rentals, and
- Market vacancy – units that are currently for sale or rent.

Figure 22 Housing Vacancy Rates, Overall, Seasonal & Occasional Use and Market, 2023



Source: U.S. Census Bureau American Community Survey (ACS 5-year), BBER Analysis

Overall vacancy rates largely mirror seasonal vacancy trends, further underscoring the impact of second-home ownership on total housing availability. Flathead County, Deschutes County, and Washington County report some of the highest overall vacancies. These high rates suggest that while more housing stock exists, much of it is not accessible to full-time residents.

Seasonal vacancies are higher in higher-amenity areas with large lakes and proximity to national parks, indicating the presence of second homes, vacation rentals, and part-time residences.

- Flathead County (10.8%) and Kootenai County (8.0%) have elevated seasonal vacancy rates, likely influenced by their proximity to Glacier National Park and Flathead Lake, as well as Lake Coeur d'Alene in Idaho.
- Deschutes County (11.1%) and Washington County (11.2%) also show high seasonal vacancy rates, likely driven by Crater Lake National Park in Oregon and Zion National Park in Utah, respectively.
- Gallatin County (5.2%), despite its proximity to Yellowstone National Park, has a lower seasonal vacancy rate than many of its peers, though still significantly higher than the national seasonal vacancy rate of 3.4%.
- Bonneville County (2.1%) has the lowest seasonal vacancy rate, reflecting a housing market that is primarily oriented toward full-time residents rather than second-home ownership.

Market vacancy rates, which reflect the share of housing units available for sale or rent at the time of the survey, remain below the national average of 2.4% in all peer counties except Washington County, Utah (2.6%). The lowest market vacancy rates are observed in Deschutes County (1.2%) and Kootenai County (1.5%), highlighting an extremely tight housing market where the availability of homes for purchase or rent is particularly limited. In Flathead and Gallatin Counties, market vacancy rates are slightly higher at 2.1% and 2.3%, respectively, but still below the national average, reinforcing the challenges of securing housing in these areas.

Washington County, Utah, has the highest seasonal vacancy rate among its peers at 11.2%, yet it is also the only county with a market vacancy rate exceeding the national average. This suggests that while seasonal demand is high, enough housing remains available for purchase or rent, preventing the severe supply constraints seen elsewhere. In contrast, Bonneville County, Idaho, with a seasonal vacancy rate of just 2.1%, experiences minimal pressure from second-home ownership and vacation rentals. This reflects a broader pattern—areas without major natural amenities tend to have fewer housing supply challenges.

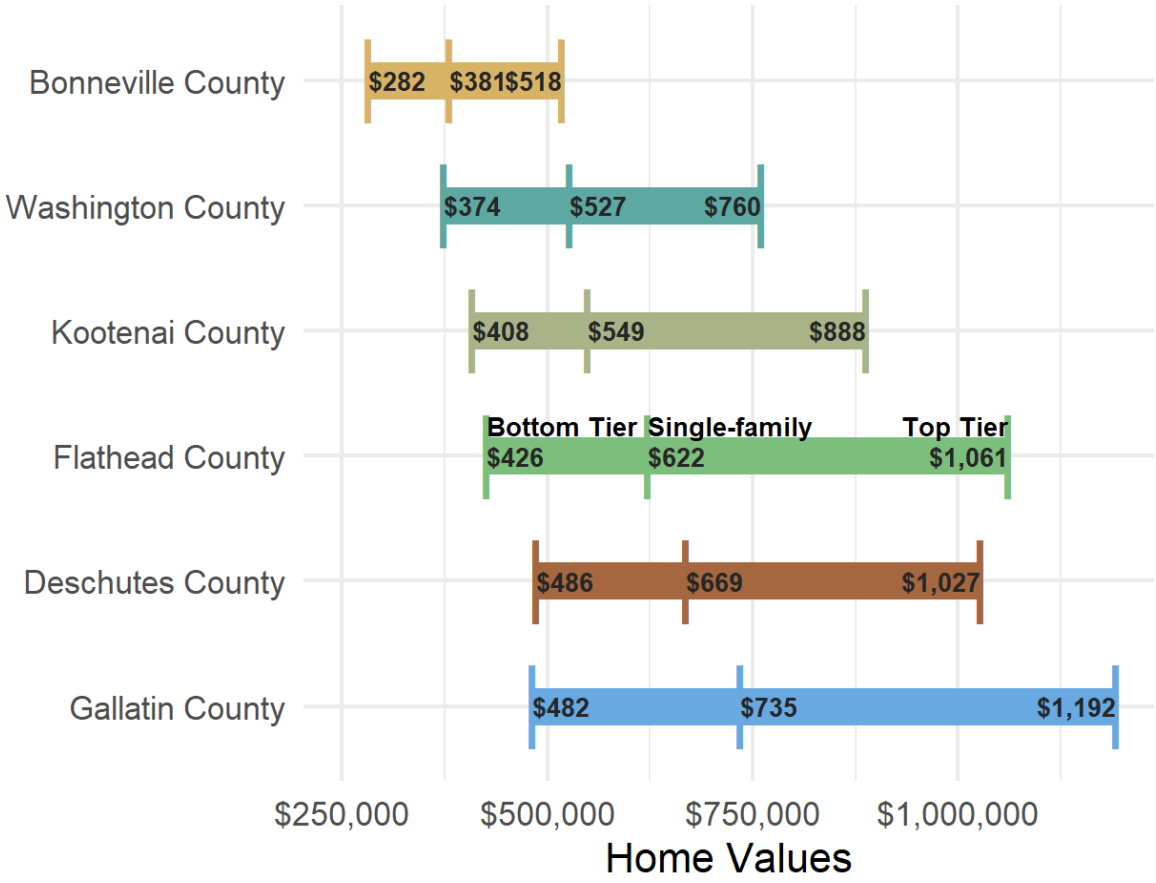
These differences in vacancies also extend to housing affordability. Bonneville and Washington counties have the lowest housing costs among peer regions, highlighting how lower seasonal demand or a more balanced housing supply can help keep prices in check. In contrast, Flathead County and other high-amenity areas face stronger price pressures, where competition between seasonal and full-time buyers limits affordability.

Housing Prices

Housing affordability is a key factor influencing workforce availability and economic growth. High home prices can limit the ability of local workers to live in the communities where they are employed, contributing to labor shortages and increased commuting patterns. In Flathead County and other high-amenity areas, the combination of rising home values and strong demand from both seasonal and full-time buyers places additional strain on the local workforce.

The following figures provide insight into home values across peer communities and how prices have changed over time, helping to illustrate the challenges and trends shaping housing affordability.

Figure23: Home Value Ranges, 2024



Source: Zillow Economic Research, ZHVI Single-family, ZHVI All Homes - Bottom & Top Tiers

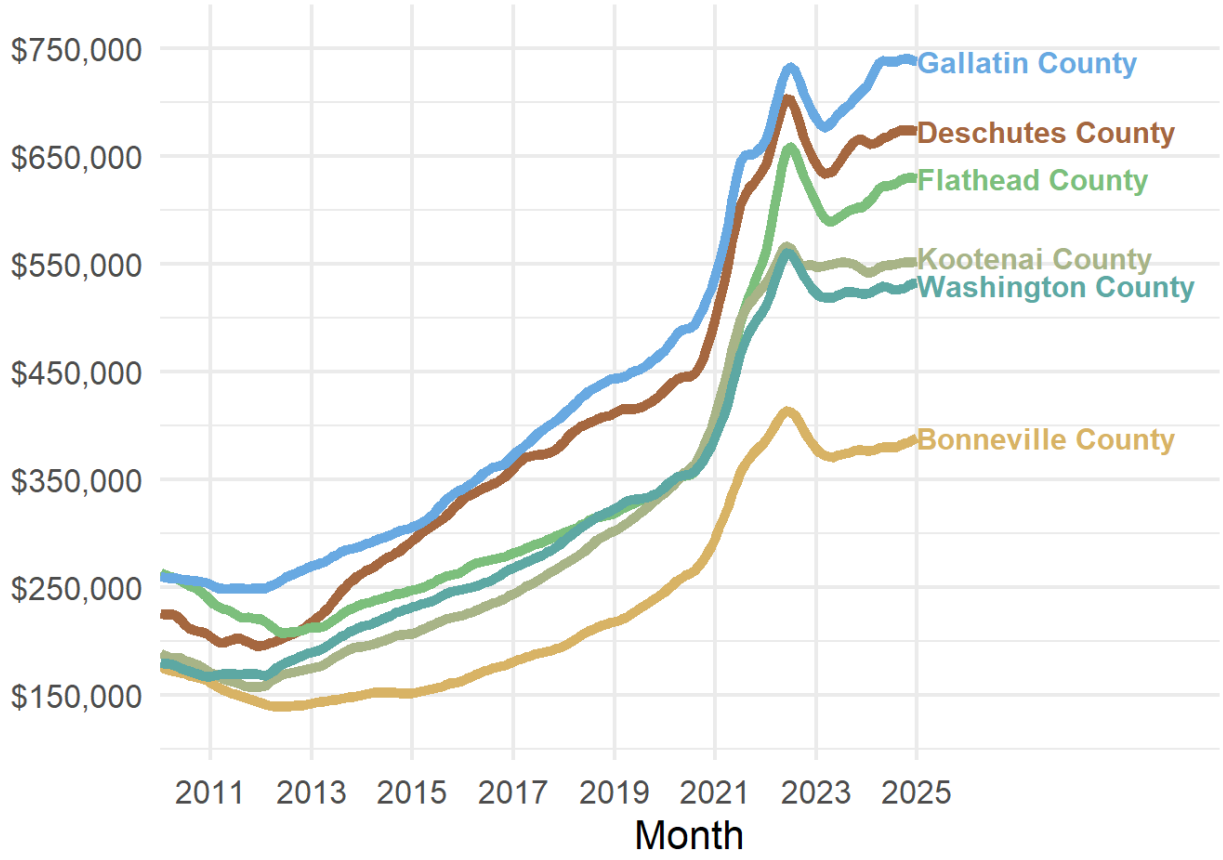
A notable comparison emerges between Flathead County and Kootenai County, where bottom-tier home prices are nearly identical, just above $400,000. However, Flathead County exhibits significantly higher single-family home prices ($622,000) and top-tier home values ($1.06 million), indicating a stronger influence of high-end housing. This pattern aligns Flathead County more closely with Gallatin County, where high-value homes push the top-tier price to $1.19 million, the highest among the peer regions.

Another useful comparison is Deschutes County, which has a higher bottom-tier home value ($486,000) than Flathead or Kootenai counties, but its single-family home prices ($669,000) and top-tier values ($1.03 million) more closely resemble Flathead County. This suggests that Deschutes and Flathead counties share similar housing market dynamics, with strong demand pushing higher-end property values above $1 million.

By contrast, Bonneville and Washington counties have the lowest home prices across all tiers. Bonneville County remains the most affordable market, with bottom-tier homes priced at just $282,000 and top-tier homes below $520,000. This affordability, combined with lower seasonal vacancy rates, reinforces Bonneville County's position as a more accessible housing market with fewer external demand pressures.

Overall, Flathead County sits between the more affordable markets (Bonneville and Washington) and the high-cost, high-demand regions (Gallatin and Deschutes). The influence of high-value homes in Flathead County aligns it more with Montana's other high-cost market, Gallatin County, than with its lower-priced peer, Kootenai County. These trends highlight the affordability challenges facing local workers and residents, particularly as high-end properties continue to shape the market.

Figure24: Single-Family Price Growth, 2010 – Jan 2025



Source: Zillow Economic Research, ZHVI Single-family Homes Time Series

For much of the period between 2013 and 2021, Flathead County's home prices closely tracked those of Kootenai and Washington counties. However, following the pandemic-driven housing boom, Flathead County emerged with significantly higher single-family home prices, pulling away from these lower-cost peers. This shift highlights how post-pandemic demand reshaped Flathead's housing market, making it more expensive than previously comparable regions. In contrast, Washington County reversed its trend toward fewer housing units per household in 2023, suggesting that its housing stock is better balancing the influence of seasonal demand with new construction. This increase in supply may contribute to Washington County's relative price stability, in contrast to the persistent price pressures seen in Flathead County.

During that same period, Deschutes County experienced rapid price growth, initially outpacing Flathead County. However, Flathead County has since caught up, now exhibiting price levels more similar to Deschutes and Gallatin counties, reinforcing its position among higher-cost markets. This convergence suggests that Flathead's rapid population growth relative to available housing has aligned the region more closely with expensive, high-amenity areas, differentiating it from the lower-cost peer counties.

Since 2023, the two Montana counties—Flathead and Gallatin—have continued to experience price appreciation despite rising interest rates. The steep slope of their price trends suggests that housing demand remains strong even as borrowing costs have increased. This may indicate that these markets are less dependent on financed purchases and more influenced by cash buyers or higher-income buyers with limited reliance on traditional mortgages. In contrast, Kootenai, Washington, and Bonneville counties have shown signs of price stabilization, with flatter trajectories in recent years.

This divergence further illustrates the housing dynamics Flathead County faces: high demand from both migration and second-home markets, constrained supply, and increased competition at the top end of the market. As a result, ownership costs are rising across all price tiers, including the bottom tier. At least some of this demand appears to be driven by buyers less reliant on home financing, further limiting affordability for local wage earners.

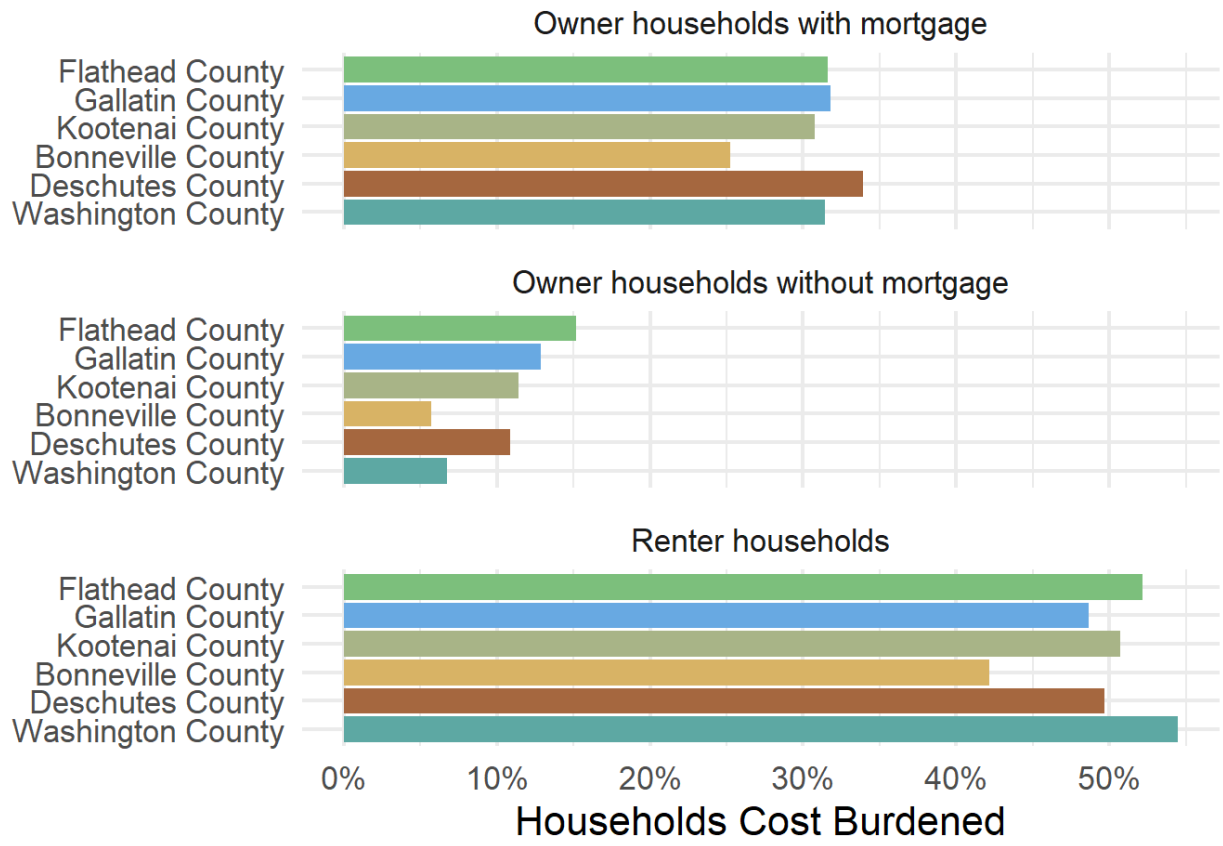
Resident Housing Cost Burdens

While the previous sections have focused on homeownership, these trends extend down the affordability scale to renters. As home prices rise beyond the reach of many residents, more households remain in the rental market, limiting turnover and reducing availability for new renters. This drives up rental prices, further increasing financial burdens.

The following figure compares resident housing cost burdens across counties, showing the percentage of:

- Owner households with a mortgage spending 30% or more of their income on housing,
- Owner households without a mortgage spending 30% or more, and
- Renter households whose gross housing costs exceed 30% of their income.

Figure 6 Percentage of Cost-Burdened Owner and Renter Households, 2023



Source: U.S. Census Bureau American Community Survey (ACS 5-year), BBER Analysis

Among renter households, Flathead County has the second-highest cost-burdened rate, with 52% of renters spending 30% or more of their income on housing. This reflects the limited availability of rental

units and the influence of rising home prices on rental costs. When homeownership becomes unattainable for more residents, the rental market absorbs more long-term residents, increasing competition for available units and driving up rental prices.

In contrast, Bonneville County has the lowest share of cost-burdened homeowners without a mortgage and a significantly lower share of cost-burdened renters. This further reinforces the affordability challenges that have emerged in Flathead County compared to its historically lower-cost peers.

6. Transportation Patterns

One of Flathead County's most distinguishing characteristics is its remote, physically isolated location. Thus, transportation has a critical role in its economic competitiveness and quality of life. Even when compared to its western peer communities, Flathead County is relatively isolated and has connectivity challenges.

As shown in Table 6, Flathead County has by far the longest driving time to a major metropolitan area with over 1 million people, and there is only one other comparison county—Deschutes—that lacks an interstate highway. Flathead County does have good rail infrastructure, and none of the comparison counties have Amtrak passenger rail service. The Whitefish station is one of the busiest on the Empire Builder Amtrak line, with over 32,000 passenger boarding and deboardings in 2023. It is a nice distinguishing feature, but passenger rail is still a small contributor to transportation compared to personal vehicles and air, which are much faster and have more destinations.

Table 6: Surface Transportation Options in Comparison Counties.

County	*Interstate Highway*	*Driving Time To Major City*	*Freight Rail*	*Passenger Rail - Amtrak*
Flathead	No	8:15, Seattle	Yes	Yes
Gallatin	Yes	6:30, SLC	Yes	No
Kootenai	Yes	4:45, Seattle	Yes	No
Bonneville	Yes	3:00, SLC	Yes	No
Deschutes	No	3:15, Portland	Yes	No
Washington	Yes	1:45, Las Vegas	No	No

Commercial air service is critical to economic development and quality of life in remote areas. While air service to Flathead County substantially increases during the summer tourist season, and there are some additional weekly scheduled flights during ski season, daily, year-round service is most critical for business, economic development, and residents. Table 7 shows destinations served by scheduled daily service, year-round. Flathead County is lacking daily air connectivity compared to the comparison counties. Flathead County only has daily, year-round service to four cities: Denver (United hub), Salt Lake City (Delta hub), Seattle (Alaska hub), and one daily flight to Minneapolis (Delta hub). Flathead is the only one of the comparison counties that does not have daily, year-round service from American Airlines. Kootenai County is not the best comparison because it uses the nearby Spokane airport and thus has the highest level of service because it shares a facility with a larger, adjacent market.

Direct air service to business hubs, especially San Francisco (SFO) and Los Angeles (LAX), has been frequently cited as critical to the economic development success of Gallatin (Bozeman) and Deschutes (Bend) counties, especially the development of high-paying tech and professional jobs that have led to

these counties having the highest incomes of the comparison counties. Gallatin County established daily flights to SFO and LAX in 2018, whereas Deschutes County has had nonstop connectivity to San Francisco for decades. Gallatin County has also established daily, year-round service to eastern and southern hub airports in Chicago, New York, Dallas, and Atlanta. Bonneville and Washington counties have air service that is only slightly more developed than Flathead County. However, it is important to note that these two areas are the only comparison counties within a 3-hour drive of major hub airports.

Table 7 Daily Year-round Direct Flights in Comparison Counties

	Flathead (FCA)	***Gallatin (BZN)***	***Kootenai (GEG)****	***Bonneville (IDA)***	***Deschutes (RDM)***	***Washington (SGU)***
Denver	X	X	X	X	X	X
Salt Lake City	X	X	X	X	X	X
Seattle	X	X	X	X	X	
Minneapolis	X	X	X			
Chicago		X				
San Francisco		X	X		X	
Los Angeles		X	X		X	X
Dallas		X	X	X		X
Phoenix			X	X	X	X
Las Vegas		X	X			
New York		X				
Atlanta		X	X			
Portland		X	X		X	
San Diego			X		X	
Oakland			X			
Sacramento			X			
Boise			X			

** Kootenai County does not have commercial air service because of its close proximity to Spokane airport which is a 45-minute drive from Coeur D'Alene. Data is shown for Spokane airport*
Source: www.flightsfrom.com, BBER tabulations

Commuting patterns are another indicator of connectivity to other areas and transportation connectivity. As shown in Table 8, Flathead County has a lower share of in-commuters and out-commuters than any of the comparison counties. This is an indicator of the comparative isolation of Flathead County as there are not large populations of workers or employment centers in adjacent counties. In fact, the top job location for out-commuting Flathead County residents is Missoula County, which does not share a border with Flathead and is a two-hour drive away. Overall, Flathead County's number of local jobs and employed

residents is closely matched, as is Deschutes County. Gallatin, Bonneville, and Washington counties have more jobs than employed residents and have higher levels of in-commuters than out-commuters. Kootenai County, with its proximity to larger Spokane, is the only comparison county with a substantially higher share of out-commuters.

Table 8: In-Commuting and Out-Commuting Shares in Comparison Counties.

	Flathead	*Gallatin*	*Kootenai*	*Bonneville*	*Deschutes*	*Washington*
Total Employees in County	48,432	67,397	70,199	69,191	86,934	84,019
In-Commuter Share (%)	18.7%	26.3%	28.9%	42.0%	27.8%	26.6%
Total Employed Residents	47,959	63,909	74,589	57,695	87,542	79,363
Share Out-Commuters (%)	18.0%	22.2%	33.1%	30.4%	28.3%	22.3%

Source: U.S. Census Bureau American Community Survey (ACS 5-year)

7. Quality-of-Life and Tourism Attractions

Natural Amenities, Recreation, and Climate,

Natural amenities play a significant role in shaping the economic and recreational opportunities of a region. Public lands, outdoor recreation options, and climate characteristics influence tourism, quality of life, and business attraction. Table 9 provides a comparison of major natural attractions, public land availability, and outdoor recreation activities across the five peer counties.

Flathead County is home to Glacier National Park and Flathead Lake, making it a significant draw for visitors seeking hiking, fishing, boating, and skiing opportunities. Gallatin County, similarly, benefits from its proximity to Yellowstone National Park and Big Sky Resort, reinforcing its identity as a tourism-driven economy. Other counties showcase unique outdoor attractions, such as Smith Rock and Mt. Bachelor in Deschutes County for rock climbing and skiing, and Zion National Park in Washington County, offering hiking and desert recreation.

Table 9: Major Attraction, Public Land and Outdoor Recreation

County, State	*Major Attractions*	*Public Land (Acres)*	*Outdoor Recreation*
Flathead, MT	Glacier NP, Flathead Lake	~3.5M (Glacier NP + National Forests)	Skiing, Hiking, Fishing, Boating
Gallatin, MT	Yellowstone NP, Big Sky Resort	~1.3M (Gallatin NF)	Skiing, Hiking, Fishing
Kootenai, ID	Coeur d'Alene Lake	~1.8M (National Forests, BLM)	Boating, Hiking, Fishing
Bonneville, ID	Idaho Falls Greenbelt, Snake River	~1.1M (Caribou-Targhee NF)	Fishing, Boating, Hiking
Deschutes, OR	Smith Rock, Mt. Bachelor	~2.5M (National Forest, BLM)	Skiing, Rock Climbing, Biking
Washington, UT	Zion NP, Red Cliffs Desert Reserve	~1.9M (BLM, USFS)	Hiking, Rock Climbing, Camping

Climate conditions influence seasonal recreational opportunities, lifestyle preferences, and business activities across peer counties. Table 10 outlines average winter and summer temperatures as well as the percentage of clearer days per year, which refers to the proportion of time the sky is clear, mostly clear, or partly cloudy (i.e., less than 60% cloud cover).

Counties in higher-elevation or northern regions, such as Flathead, Gallatin, and Kootenai, experience colder winters and milder summers, supporting winter sports tourism and outdoor recreation. In contrast, Washington County has the warmest climate, with an average summer temperature of 85°F, making it more suited for year-round outdoor activities.

The percentage of clearer days provides insight into how frequently residents and visitors experience favorable weather conditions for outdoor recreation and tourism. Washington County leads with 71% clearer days, benefiting from its desert climate and minimal cloud cover, while Gallatin and Deschutes counties also have above-average clear weather conditions. Flathead County, at 47%, falls near the middle of the group, indicating moderate cloud cover throughout the year, which may influence tourism patterns, outdoor business operations, and seasonal recreation industries.

Table 10: County Climate Summary

County	*Location*	*Avg. Winter Temp (°F)*	*Avg. Summer Temp (°F)*	*% Clearer Days*
Flathead, MT	Kalispell, MT	22°F	65°F	47%
Gallatin, MT	Bozeman, MT	19°F	63°F	52%
Kootenai, ID	Coeur d'Alene, ID	25°F	70°F	46%
Bonneville, ID	Idaho Falls, ID	21°F	68°F	56%
Deschutes, OR	Bend, OR	26°F	66°F	53%
Washington, UT	Saint George, UT	38°F	85°F	71%

Sources: National Centers for Environmental Information's Climate at a Glance, Weather Spark Chance of Clearer Skies

Wildfires are an ever-present reality for all of these communities and are generally the largest contributor to poor air quality in most, if not all, of these areas. Beyond the immediate risks to property and safety, wildfire smoke can have lasting effects on regional air quality, visibility, and outdoor recreation, making it a key consideration for both residents and businesses.

Table 1: Air Quality Index, 2024

County	*2024 Median (AQI)*	*2024 Max (AQI)*
Flathead, MT	39	77
Gallatin, MT	22	84
Kootenai, ID	17	48
Bonneville, ID	16	60
Deschutes, OR	36	176
Washington, UT	47	108

U.S. Environmental Protection Agency's AQI by County 2024

As a result, air quality has become an increasingly important factor affecting public health, tourism, and long-term livability. Table 11 presents median and maximum air quality index (AQI) values for 2024,

offering insight into both typical conditions and periods of poor air quality. Most counties maintain relatively low median AQI levels, indicating generally good air quality, but some—such as Deschutes and Washington counties—experience occasional spikes, likely due to wildfire activity or regional pollution events.

8. Institutions

Institutions such as hospitals and higher education facilities play a critical role in a region's economic stability, workforce development, and overall quality of life. Access to health care services ensures population health and workforce productivity, while higher education institutions contribute to human capital development and economic growth by preparing students for careers in key industries.

Hospitals

The availability and scale of health care services vary significantly across the peer counties, with short-term acute care hospitals playing a critical role in meeting medical needs and driving local economic activity. These hospitals differ in staffed bed capacity, patient discharges, total patient days, and gross patient revenue, all of which reflect the demand for medical care and the health care sector's contribution to regional economies.

Table 2: Short-Term Acute Care Hospitals

County	*Hospital Name*	*City*	*State*	*Staffed Beds*	*Discharges*	*Patient Days*	*Gross Patient Revenue ($000)*
Flathead	Logan Health Medical Center	Kalispell	MT	330	8,621	38,360	$1,391,351
Gallatin	Bozeman Health Deaconess Regional Medical Center	Bozeman	MT	139	6,143	26,207	$847,909
Kootenai	Kootenai Health	Coeur d'Alene	ID	326	16,921	79,104	$1,912,675
Bonneville	Eastern Idaho Regional Medical Center	Idaho Falls	ID	303	9,388	48,995	$1,775,475
	Idaho Falls Community Hospital	Idaho Falls	ID	88	2,981	11,666	$286,618
	Mountain View Hospital	Idaho Falls	ID	43	2,351	9,853	$944,662
Deschutes	Saint Charles Bend	Bend	OR	344	14,460	75,878	$2,374,213
	St. Charles Redmond	Redmond	OR	36	2,235	11,908	$229,865
Washington	Intermountain St. George Regional Hospital	Saint George	UT	300	17,784	66,295	$2,171,350

Source: American Hospital Directory. Hospital Statistics

Flathead County's Logan Health Medical Center in Kalispell is the largest health care provider in the region, with 330 staffed beds and over 8,600 annual discharges. Serving a largely rural population, the medical center functions as a critical health care hub for surrounding communities, ensuring access to essential medical services. Beyond its health care role, Logan Health is also one of the county's largest

employers, contributing significantly to the local labor market. The hospital's operations, including medical services, administrative functions, and support staff, generate substantial economic activity through direct employment, supplier contracts, and local spending. This economic footprint extends beyond Kalispell, reinforcing the broader regional economy by supporting related industries such as outpatient care, medical equipment supply, and health education.

Hospitals in larger urban centers, such as Kootenai, Deschutes, and Washington counties, report higher patient volumes and total patient days, reflecting greater regional populations or specialized medical services that attract patients from beyond county lines. Some counties, including Bonneville and Deschutes, have multiple hospitals, which enhances health care accessibility and specialized care availability.

The financial impact of hospitals in the region is evident in gross patient revenue figures, with some institutions generating from $200 million to over $2 billion annually. These figures underscore the economic importance of health care institutions, reinforcing their role as major employers and drivers of local economic activity beyond direct patient care. The presence of large hospitals influences real estate development, workforce needs, and demand for health care-related services, making them integral to regional economic stability and growth.

Higher Education Institutions

Higher education institutions across the peer counties serve as centers for workforce training, research, and economic activity, shaping the long-term development of regional labor markets. Enrollment figures highlight the varying roles these institutions play, from community colleges focused on technical education to large universities that drive innovation and economic growth.

Flathead Valley Community College (FVCC) serves as Flathead County's primary higher education institution, with around 2,201 students, the majority of whom are enrolled part time. This reflects FVCC's role in workforce training, technical education, and continuing education programs rather than as a traditional four-year university.

Table 3: Full- and Part-Time Enrollment at Degree-Awarding Colleges and Universities, 2023

County	*Institution Name*	*City*	*State*	*Total Enrollment*	*Full-Time Enrollment*	*Part-Time Enrollment*
Flathead	Flathead Valley Community College	Kalispell	MT	2,201	615	1,586
Gallatin	Montana State University	Bozeman	MT	16,960	13,410	3,550
Kootenai	North Idaho College	Coeur d'Alene	ID	3,979	1,379	2,600
Bonneville	College of Eastern Idaho	Idaho Falls	ID	2,565	679	1,886
	Provo College-Idaho Falls Campus	Idaho Falls	ID	268	268	0
Deschutes	Central Oregon Community College	Bend	OR	4,053	1,909	2,144
	Oregon State University-Cascades Campus	Bend	OR	1,313	817	496
Washington	Utah Tech University	Saint George	UT	12,567	7,240	5,327

Source: U.S. Department of Education, National Center for Education Statistics, IPEDS

Other counties, including Kootenai, Bonneville, and Deschutes, are home to large community colleges that play a critical role in workforce training and skills development. These institutions are often closely aligned with local labor market needs, offering technical and vocational programs tailored to regional industries.

Meanwhile, Washington County's Utah Tech University stands out with over 12,500 students, reinforcing its role as a key education hub in southern Utah. However, despite its size, Utah Tech does not appear to retain graduates at the same rate as some of its peer institutions, suggesting a mismatch between degree offerings and local employment opportunities. This gap may result in graduates seeking job opportunities outside the region, limiting the university's ability to directly contribute to local workforce development.

In contrast, Montana State University (MSU), the largest institution among the peer counties with nearly 17,000 students, demonstrates a stronger connection between higher education and regional workforce needs. Educational attainment levels in Gallatin County suggest that MSU graduates are more likely to remain in the area, supporting its growing professional and knowledge-based economy. The ability of a region to leverage its higher education institutions for workforce development depends not only on the size of its student population but also on the alignment between degree programs and local industry demand. MSU's ability to retain graduates highlights the importance of regional job opportunities in preventing talent outmigration.

Summary and Conclusion

Flathead County shares some similar attributes and economic structures to the comparison counties as they are all small, growing areas in the West. Some attributes common to Flathead and all or most of the five comparison counties include:

- High economic concentrations in construction and hospitality. These industries are prominent across all peer counties due to population growth and the natural amenities that attract visitors.
- Relatively low concentrations in transportation, warehousing, manufacturing, and professional and business services. This is typical for smaller, more geographically isolated areas that lack the economic pull of major metropolitan centers.
- Migration-driven population growth. Like Flathead County, all peer counties have seen sustained population growth fueled primarily by in-migration rather than natural increase. This reflects strong lifestyle appeal and the growing influence of remote work.
- Entrepreneurial activity and self-employment. Peer counties tend to have higher-than-average self-employment rates, driven by remote work opportunities, independent business formation, and service-sector industries linked to tourism and outdoor recreation.

However, the analysis also finds areas of strength or distinctiveness of Flathead County compared to these peers as well as areas where Flathead County is underdeveloped or lagging behind these peers. Areas of distinction and strength for Flathead County include:

- High levels of entrepreneurship and business formation. Flathead County stands out for its strong rate of new business establishments, reflecting a dynamic entrepreneurial climate.
- A strong local banking sector. Unlike its peers, Flathead County has a higher concentration of financial and banking services, anchored by Glacier Bancorp's headquarters in Kalispell.
- Manufacturing strength in niche industries. Flathead County has notable industrial activity in wood products, firearms, and computer equipment manufacturing, making it more diversified than some peer regions.

- Good educational attainment despite lacking a four-year university. Flathead County has relatively strong educational outcomes even in the absence of a major university, demonstrating a capable workforce with technical and vocational training.
- A highly diversified tourism economy. While tourism plays a key role across peer counties, Flathead County's visitor economy benefits from Glacier National Park and Flathead Lake, supporting year-round recreation sectors that differentiate it from other regions.
- Above-average earnings in manufacturing and natural resource extraction. Flathead County's higher earnings in resource-based industries—such as forestry, mining, and agriculture—reflect its ongoing industrial significance compared to more service-oriented peers.

Areas where Flathead County lags include:

- Limited transportation connectivity. Compared to its peers, Flathead County has fewer direct flights to business and population centers, which poses a challenge for business development and economic integration. Flathead County also has the lowest rates of commuting with other counties, which indicates low levels of regional connectivity and a higher level of isolation.
- Slower growth in professional and knowledge-based jobs. Unlike Gallatin and Deschutes Counties, Flathead County has fewer high-wage job opportunities in professional services, tech, and business-related fields, impacting long-term economic diversification and the potential to add high-paying jobs.
- Aging workforce and economic dependency. Flathead County has one of the highest old-age economic dependency ratios among its peers, with an aging labor force and a high share of retirees. While older workers help sustain workforce participation now, future labor shortages could pose challenges for economic stability.
- Housing affordability pressures driven by second-home ownership. Seasonal housing vacancies are among the highest in the peer group, reducing housing supply and increasing costs for full-time residents. As a result, housing affordability is a growing barrier to attracting and retaining younger workers.

Economic development strategies are most likely to emerge from taking advantage of these strengths and shoring-up areas of weakness. Flathead County greatly needs to attract younger workers to boost its competitiveness and attract investment. The county's outdoor recreation and quality of life advantages can be used to attract younger workers and remote professionals. Increasing connectivity by adding year-round air service to business hubs and expanded regional transportation options would strengthen economic ties with national and global markets and support expansion into higher-paying professional and technical fields where connectivity to major business hubs is critical.

Finally, Flathead County's growth as a tourism and popular second-home creates a mix of opportunities and challenges. Flathead has the highest dependence on tourism of all the peer communities as evidenced by the highest concentration of jobs in restaurants and bars, and second-highest concentration of jobs in accommodations, and amusement, gambling and recreation industries. However, there are opportunities to further diversify the tourism economy beyond outdoor recreation and sight-seeing. For example, the employment concentration in museums, historical sites, and similar institutions is very low, especially for an area with many visitors. Flathead County also needs to work on balancing its success in growing tourism with housing needs. For example, managing short-term rental regulations and promoting workforce housing development could mitigate affordability challenges while maintaining a strong visitor economy.