

THE ECONOMIC VALUE OF FLATHEAD LAKE

Flathead Lake and Outdoor Recreation are Vital to the Economy of the Flathead Valley

Outdoor recreation in Montana

Montanans value Flathead Lake and recognize that outdoor recreation supports jobs, diversifies the economy, and attracts new businesses to the state. By providing estimates of the economic value of Flathead Lake we highlight the importance of continued stewardship, provide a holistic understanding of the local economy, and help foster the development of resilient economic strategies and business operations that protect the lake. Below we present three areas in which Flathead Lake contributes to the local economy.

MONTANANS OUTDOOR PARTICIPATION RATES IN 2016

81% outdoor recreation ¹

73% water recreation ²

IMPACTS OF NONRESIDENT SPENDING IN FLATHEAD CO. 2015 ³

\$598 million =
nonresident spending

\$705 million +
total economic activity

9,560 jobs +

\$30 million
state and local taxes

Nonresident visitor spending

The size and superior water quality of Flathead Lake attract locals and visitors alike to fish, boat, swim, view wildlife, or to enjoy a scenic drive along its shores. Visitors to Flathead Lake spend money on food, lodging, gas, retail sales, rentals, guiding services, and so on. In turn, businesses providing these goods and services must hire employees and make their own purchases, which in turn generates more sales, income, and employment. Consequently, Flathead Lake tourism sets off a chain of spending and re-spending within the local economy.

The importance of the state's outdoor recreation economy is clearly illustrated by its significant contributions to the local economy. For the past six years nonresident visitor spending has

greatly contributed to Flathead County's economic base. From 2014 to 2016, nonresident travel was the largest basic industry by earnings in the Flathead economy at **20%**. The service sector is not far behind making up **14%** of the economic base.

Attracting new businesses

Flathead Lake and its surroundings attract businesses wanting to provide their employees with a high quality of life and an abundance of natural amenities. For instance, several gunsmith companies have located to the valley because of "the mountains, the air and the game."⁵ Small arms and ammunition manufacturers have become the second largest contributor to the local economy at **15%**. The valley's economy continues to grow attracting high skilled labor to work in healthcare, technology, legal, engineering, and architecture, fields that typically pay higher wages. Diversifying the workforce helps to stabilize the economy against future downturns.

High-end real estate

Flathead Lake contributes to the local economy through real estate. Some visitors to Flathead

EARNINGS IN BASIC INDUSTRIES FLATHEAD COUNTY, 2014-2016 ⁴

Nonresident Travel	20%
Other Manufacturing	15%
Services	14%
Wood Products	14%
Federal Government	12%
Health Care	10%
Transportation	7%
Ag. & Other	5%
Retail	3%

Lake opt to relocate permanently while others decide to purchase a second home. Second homes and recreational building largely supports the construction industry in Flathead County.⁶ Furthermore, homes adjacent to Flathead Lake or with lake views are valued more highly than other homes. The price premium that Flathead Lake imparts to adjacent real estate is approximately \$6 to \$8 billion dollars. Higher home values results in higher property taxes providing county coffers a substantial boost.

REFERENCES

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- ⁶ Bureau of Business and Economic Research [BBER], 2015. Economic Outlook Flathead County. Missoula, MT retrieved from <http://www.bber.umt.edu/pubs/econ/CountyOutlooks/15flathead.pdf>