

## Walla Walla Trends e-Newsletter - 2017 #2:

### News from the Port!



What's going on at the Walla Walla Regional Airport? The Walla Walla Regional Airport is flying high this year with many new and positive activities.

Vacancy of our existing buildings in the Airport District is nearing 0%. The tenants in the Airport District are diverse (from manufacturing to wineries to contractors) and employ over 200+ employees.

Construction of Phase One of the Taxiway reconstruction project is underway at a cost of \$8,220,000. The taxiway has not been substantially upgraded since its construction in the 1940's by the military. The new design and base mix will meet the Federal Aviation Administration's design and construction criteria to safely accommodate current and future air traffic. Additional Federal discretionary dollars are forthcoming to award the second phase of the reconstruction project. Phase Two is slated to commence and be completed next summer at a cost of \$7,049,000. The FAA is a major monetary contributor for both phases at 91.88% of the costs.

Construction of the Terminal Parking Lot Expansion project will resume this month after experiencing a winter shut down due to the inclement weather this past fall/winter, and dealing with new stormwater regulations. This much needed additional parking lot will add 200+ "FREE" parking stalls at the terminal facility. The total project cost, including construction is \$825,000.

More passengers continue to "Fly Walla Walla"! The airport continues to record increased growth in passenger numbers and load factor numbers. For the first half of 2017 passenger enplanement numbers are solid at 24,516 for a 7.7% increase over 2016 numbers at this time. Load factor numbers are inching their way up at a combined load factor of 73.10% thru June versus 71.51% in 2016. The Port and the Air Coalition continue to have discussions with Alaska Air regarding their 3-flight schedule. Currently, there is a 3-flight schedule only 4 days per week.

The Port is nearing the completion of the Airport Master Plan which began in earnest in 2016. The Master Plan is our guide (and the FAA's) to identifying our infrastructure and operation's needs, the cost for these improvements and planning the timing and funding of making these improvements.

Two build-to-suit buildings in our Airport District for existing tenants, Burwood Brewing Company and Reiff Manufacturing, are nearing completion. Both businesses are successful, growing businesses that need more space for growth. Be sure to check out these new facilities next time you visit the Airport District!

### Indicators in the News

#### **CDC 2015 Community Health Status Indicators**



The [Community Health Status Indicators](#) (CHSI), from the Centers for Disease Control and Prevention, is an online web application that produces health status profiles for each of the 3,143 counties in the United States and the District of Columbia. The CHSI has been around since 2000 when it was released in “hard copy format” and was produced in its first interactive website in 2008. The CHSI 2015 redesign provides a completely revamped interactive experience, offers an updated list of “peer counties” for purposes of benchmarking, and a summary comparison sheet. The summary comparison sheets are provided for all 3,143 counties in the U.S.

For example compared to peer counties across the U.S., Walla Walla County residents fared better in cancer deaths and coronary heart disease deaths but fared worse in Alzheimer’s disease deaths.

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### [Data.WA.gov](#) - “The general purpose open data portal for the State of Washington”.



This data hub provides access to data sites in Washington State such as: [Fiscal.WA.gov](#), [geography.WA.gov](#), [business.WA.gov](#), [Results.WA.gov](#), education research, a “new and notable” section, a “general data catalog” for the state, and education research.

[Data.wa.gov](#) is much more than numbers. For example, selecting on the Transportation section takes you to the Washington State Department of Transportation Maps & Data page with access to live traffic maps, free printable roadway maps, and even a route planner offering bridge clearances. Interchange viewers, crash data, GIS data, traffic counts and even pedestrian counts are available.

Another example, selecting the [Geo.wa.gov](#) allows the user to choose from 16 different map elements. For one example, if “Farming” is selected, a link appears in the search results and when it’s selected, every farmers market in the state is designated by a point on the map.

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### Child Well-Being Data Portal - Washington State County Reports



Provided for each county in Washington State with populations over 25,000 people, the Washington County reports from the [Child Well-Being Data Portal](#) in a PDF format. Produced quarterly, the portal reports on “two major parts of the child welfare system: “Investigations & Assessments and Out-of-Home Care”.

Specific to Walla Walla County, as of January 1, 2017, there were a total of 113 open investigations and assessments and as of April 1, 2017, there were a total of and 113 open out-of-home care cases with 43% of these involving children under 5-years of age.

## Indicators in Action

### Walla Walla Total Bank Deposits Still Recovering from 2010 Decline by Jordan Perry and Dr. Patrick Jones

As Americans, we often hear about the importance of saving and that as a nation, perhaps we aren't saving as much as experts recommend. But with total deposits in FDIC-insured banks still recovering from the Great Recession, it might be a safe leap to assume that personal savings are probably still recovering as well. Although this is not currently the brightest metric for Walla Walla, the silver lining is that 2016 still produced the 5<sup>th</sup> highest total deposits in FDIC-insured banks in Walla Walla County since 1994. Still, per capita deposits haven't recovered at the same pace as total deposits.

Until 2010, the per capita, annual [Deposits at Local FDIC-Insured Commercial and Savings Banks](#) in Walla Walla County were often \$2,000 to \$4,000 higher than the state average. A decline started in 2010 that led to total deposits in 2013 dropping by almost \$300 million below the 2009 high point of \$1.233 billion. Total deposits, too, have yet to reach those higher amounts.

Since the decline began in 2010, deposit growth has averaged a decrease of 1.67% annually over a 7-year period. By comparison, in the previous 7-year period of 2003 to 2009, deposit growth

averaged an annual increase of 4.2%. Over the entire reported period of 1994 to 2010 Walla Walla County deposited growth averaged an increase of 2% annually.

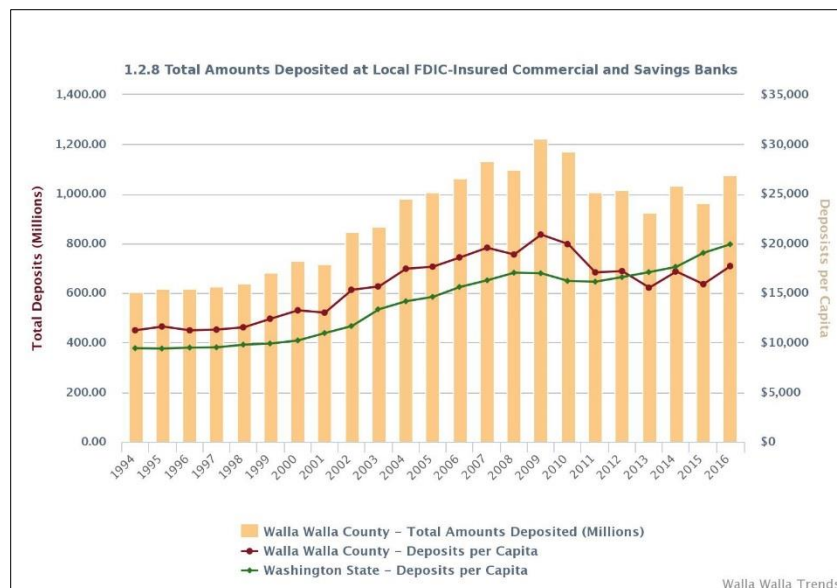
In 2012, local FDIC-insured banks experienced a small (1.25%) deposit increase over 2011, but the following year brought the total deposit values down to \$924.81 million, a 9% drop. The following two years exhibited the same see-saw pattern, with an 11.7% increase in 2014 (to \$1.033 billion), and again a loss of 6.65% the following year in 2015 (to \$964.27 million). The elevated 2016 numbers could forecast

increasing deposits in future years, but if 2016-2017 follows the pattern of the previous four years, banks will see a marked drop in deposits for the current year.

By 2016, the largest total amounts

deposited since 2009, came in at \$1.076 million. While this marks an increase of \$111.72 million over 2015, it still falls below both 2007 and 2009 figures. Yet, from the beginning of the series in 1994, total annual bank deposits in FDIC-insured banks grew by over 77%.

The exodus of Bank of America from the area and the increased number of local credit unions could be partially responsible for the lower deposit amounts reported. The majority of credit unions are insured through the National Credit Union Administration (NCUA) instead of



the FDIC and are not covered by this measure. Perhaps one explanation for the slow recovery of this measure lies in a change of market shares: deposits may have moved over to credit unions from FDIC insured banks.

For a rough comparison, the [NCUA Quarterly U.S. Map Review](#) reports that in Washington State, median deposit growth at credit unions has increased by an average of 5.1% annually for the period of 2013 to 2016, with the highest year-over-year growth occurring in 2016, at 6.7%.

### [Total Taxable Retail Sales Continuing in Positive Trajectory](#) by Jordan Perry and Dr.

Patrick Jones

Annual taxable retail sales represents one of the most important measures of the size and changes in a local economy, providing a smaller more specified picture than Metro Gross Domestic Product calculations. Since consumption spending forms the largest part of any economy, this information is invaluable to area governments and businesses.

While Total Taxable Retail Sales does not provide a complete picture of spending, as Washington State does not tax food, drugs and some services, it does show the sales from retail trade, agriculture, forestry & fishing, mining, construction, manufacturing, finance & insurance, arts & entertainment, and real estate, among others.

The taxes on these sales are crucial to local and state government entities, as they provide the largest share of revenue to both these levels of government. Additionally, the level and growth rate of retail sales gives economic development agencies and groups a sense of how well an economy is doing.

For the third year in a row, the [Annual Total Taxable Retail Sales](#) in Walla Walla County produced an increase from the previous year, with 2016 marking the highest point in the series, at \$897 million. Walla Walla County

continues to outperform its highest pre-recession numbers in 2008 of \$761 million.

In this indicator we can clearly see evidence of the Great Recession, starting with the annual decreases in 2009 and 2010. Increased sales in 2011 and 2012 were slightly offset by a drop of \$8 million in 2013 before trending consistently upward. As well as sporting the highest number for the past three years, a related indicator, 1.2.2, [Taxable Retail Sales Per Capita](#), also portrays 2016 favorably, with the largest percentage increase since 1998. \$5,634 dollars in per capita sales during 2015 increased to \$6,238 dollars per capita in 2016 (+\$604 per capita dollars), or by approximately 11%.

Walla Walla City Manager, Nabel Shawa, said that he thinks much of this increase is due to Walla Walla's local wine scene. The Walla Walla Valley boasts over 100 local wineries, thousands of acres of grapes and a multitude of activities such as tastings and tours.

"I would have to attribute [the growth] to Walla Walla's growing popularity as a wine tourism destination," Shawa said. "People are investing in second homes, vacation homes and hotels in the area."

Although still seeing increased numbers in the total taxable retail sales, annual growth has trended down from 2014 and 2015's 7.5% annual increase to a 5.3% increase in 2016, and has lagged behind Washington State's growth in

2015 by 0.9 and in 2016 by 2.5 percentage points With the state maintaining an even upward trend from 2010 to 2015 while Walla Walla's growth has remained less consistent.

Mayor of College Place Washington, Henry Crowder, said that much of this disparity could be due to sales leakage to neighboring counties.

"A lot of our retail sales bleeds to the Tri-Cities," said Crowder.

Shawa cited the same problem, saying that it stems from the lack of availability and diversity in Walla Walla's local retail environment.

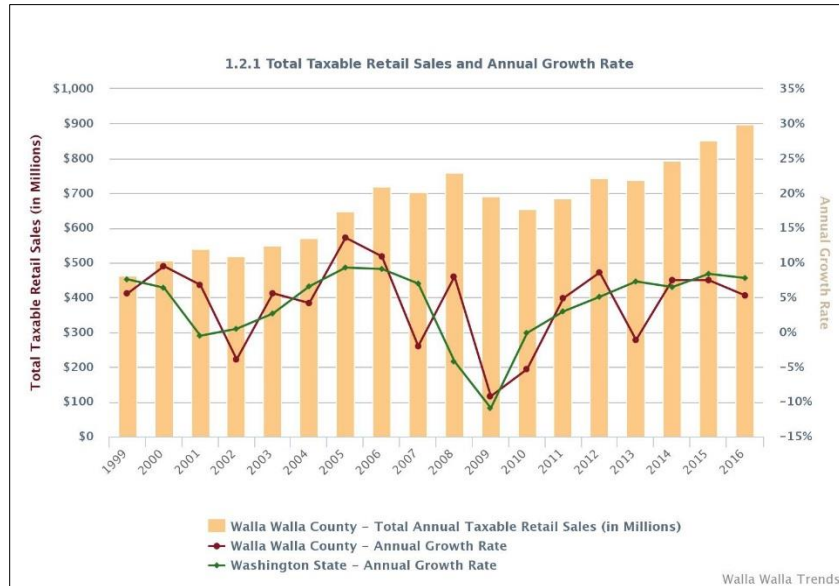
"We still have extremely limited retail shopping for our Walla Walla residents," said Shawa, "but we are trying to fix this."

Both Crowder and Shawa mentioned the Walla Walla Town Center, currently being worked on in the location where the Blue Mountain Mall used to reside, as a coming, positive solution to the problem.

"We've hired a retail recruiter, and there are a lot of national chains wanting to work with us, as many people don't want to spend an hour driving to the Tri-Cities," Crowder said.

While the Town Center won't fix all of the area's retail shortcomings, Shawa said that it aims to provide local shopping in some key categories.

"While it's not going to alleviate our loss in electronics or automotive sales, a category we lose in is soft goods, primarily women's and children's soft goods. And the Town Center will combat that," Shawa said.



Other factors that could contribute to Walla Walla's slower growth than the state: a possible higher percentage of spending on non-taxable goods and services, the county's lower [median income](#)

and a higher than average [share of population in poverty](#) (4.4% higher than the state average of 12.2%).

Walla Walla's continued growth speaks well to the economic health of the area, but the higher state average may indicate room for future improvement, which Crowder and Shawa say they are working towards.

"We're very happy with the trend, but we want to close the gap with the state," said Shawa.

## Local Job Growth Has Been Sporadic; Lags the State

by Scott Richter and Dr. Patrick Jones

Job creation and putting people to work is a hot button topic that extends beyond the economy. In its most basic form, having a job allows people an opportunity to earn the financial means to function in life. For many, work is source of pride and dignity as well.

For the economy as a whole, job creation is critical as it puts more people to work and their paychecks help expand the economy.

As a consequence, statistics on new hires are an important measure of the health of any local or regional economy. Job creation is one of the key goals of economic policy, at the local, state or national level. Information on new hires is used by the public and

private sectors to negotiate labor contracts, forecast tax revenue, evaluate the state's economic health, and guide decisions on sales and inventories.

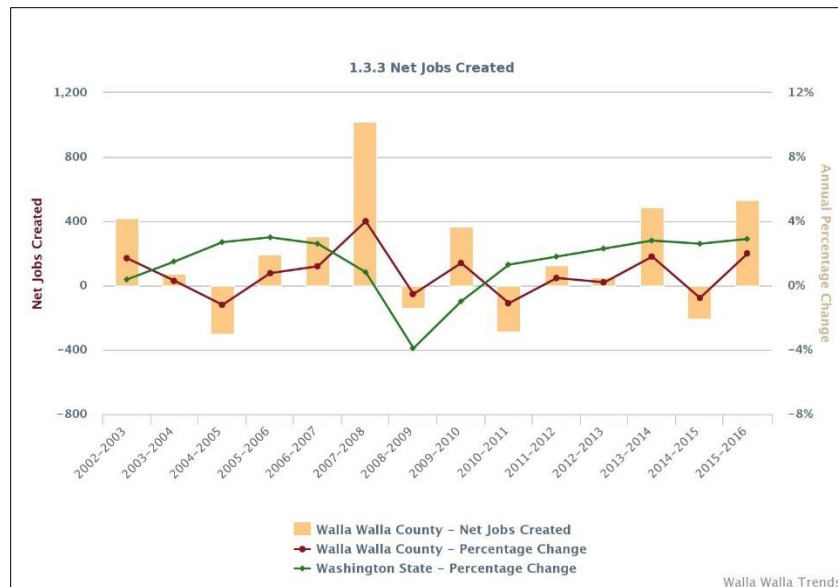
Data on new hires, unfortunately, are not available at the county level. Consequently, this indicator uses a net number, total change in the annual average number of people employed in the county from one year to the next. This necessarily accounts for both hires and separations from the labor force. Due to these factors, this indicator still might mask actual job

creation. For example, there could be a large annual estimate without much job creation if the number of people leaving their job, for whatever reason, declines.

An examination of the [Net Jobs Created](#) indicator reveals that the annual percentage change in Walla Walla County might be described as sporadic, but flat. In contrast, the state has been on a steady upward trajectory since 2009-2010 set of years. Still, the entire length of the series produced a net increase of 2,634 jobs in Walla Walla County since 2002, with 533 jobs alone gained from 2015 to 2016. This was the second highest annual percentage change from the previous year in the series, at

2.0% (2007-2008 was 4.0%).

Ajsa Suljic, Regional Labor Economist for the Washington State Employment Security Department Workforce Information and Technology



Services, explains that the data source, the Quarterly Census of Employment & Wages (QCEW), "covers more than 95 percent of U.S. jobs available at the county, Metropolitan Statistical Area (MSA), state, and national level, by detailed industry. The primary source for the QCEW is administrative data from state unemployment insurance (UI) programs. These data are supplemented by data from two Bureau of Labor Statistics (BLS) surveys: the Annual Refiling Survey and the Multiple Worksite Report."

So with positive job growth occurring most recently, perhaps Walla Walla County can add

another multi-year run of positive job growth as was seen in the mid to late 2000's.

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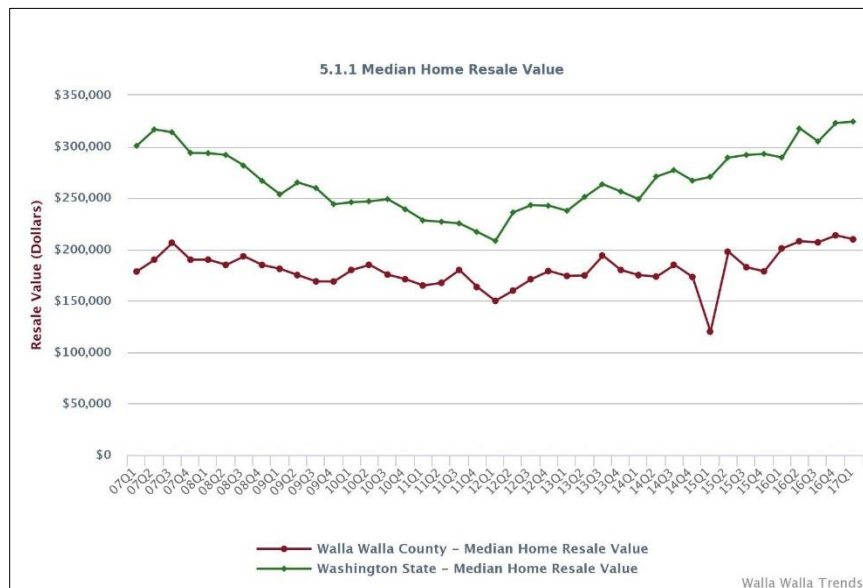
**Home Resale Values Are Climbing but Still More Affordable in Walla Walla County than the State** by Scott Richter and Dr. Patrick Jones

One way for households to maintain long-term affordable housing is through homeownership, acquired at the right price. Homeownership "locks-in" monthly payments (assuming fixed interest loan terms) that become more affordable, provided household income increases over time and that the mortgage is fixed.

[Policy Development and Research](#), concluded that homeownership is the main path to wealth and housing security for lower-income and minority Americans, but these families still "face significant barriers to sustainable homeownership, a major vehicle for building wealth and economic opportunity." The [trend of increasing home values has continued across Washington State](#), as a whole, through 2016.

From an economic development perspective, housing prices can impact a community's ability to attract and retain workers.

Housing affordability is important to track and measure because low income households that pay a high percentage of income on housing are at greater risk for becoming homeless.



In a quick look at the graph for the [Median Home Resale Value](#), it is very apparent that Walla Walla County's home resale values have consistently been below

According to the [Seattle Times](#), "Washington [home] prices are growing at a rate nearly double the national average, and beating out second-place Oregon (up 10.3 percent) and third-place Colorado (up 9.5 percent)."

the state median. As with many economic indicators that involve a comparison to the state, the Puget Sound region skews the state data and if this section of the state were removed from the state benchmark figures, many other places across the state (not just Walla Walla County) would be more "on par" with the state benchmark.

A recent report from the [U.S. Department of Housing and Urban Development Office of](#)

Walla Walla County started out the series in the first quarter of 2007 (07Q1) with a median home resale value of \$178,500, dropping by 16% in 12Q1 to the lowest value in the series, at \$150,000. By the end of the series in 17Q1, the median home resale value in the county had increased by 40% since 12Q1, sporting with the second highest mark for the county at \$209,800 (16Q4 produced the highest median home resale value in the series, at \$213,700).

Although the data for 15Q1 are well below all other points in this series and is accurate according to the data source for this indicator, the [University of Washington Runstad Center for Real Estate Studies](#), it is an extreme outlier and for purposes of this article will not be referred to as the low mark in the series.

The state median prices started at a higher value in 07Q1, \$300,800, but dropped by 31% in 12Q1 to the lowest value in the series at, \$208,300. By the end of the series in 17Q1, the median home resale value in the state had increased by 56% since 12Q1, ending the series with the high mark for the state at \$324,300.

In other words, the housing market in the state and county now is strong and is a seller's market.

Mitchell Stalberger, President of the Walla Walla Association of Realtors, says that because Walla Walla is an agricultural and farming community first and foremost, "we have property to develop versus that of the West side of the State that is experiencing a huge issue finding affordable property to build".

Housing affordability indicators on the Trends site (both [first-time home buyers](#) and [all homebuyers](#)) show homes are more affordable for buyers in Walla Walla County compared to the state, and [housing supply](#) in the county has dropped over the last year or more in nearly every housing price range.

Stalberger says "Walla Walla is quickly becoming a destination and with that comes those that find our Valley as a place to settle. And with Forbes Magazine ranking Walla Walla as one of the top 25 places in the Nation to retire, the 'Baby-Boomers' are starting to find us."

Stalberger also believes that if Walla Walla can increase their inventories of housing units, "Walla Walla County will continue to grow and with that pricing will continue its up-tick. For the first 5 months of this year we have experienced an 11% increase in pricing over this time last year."