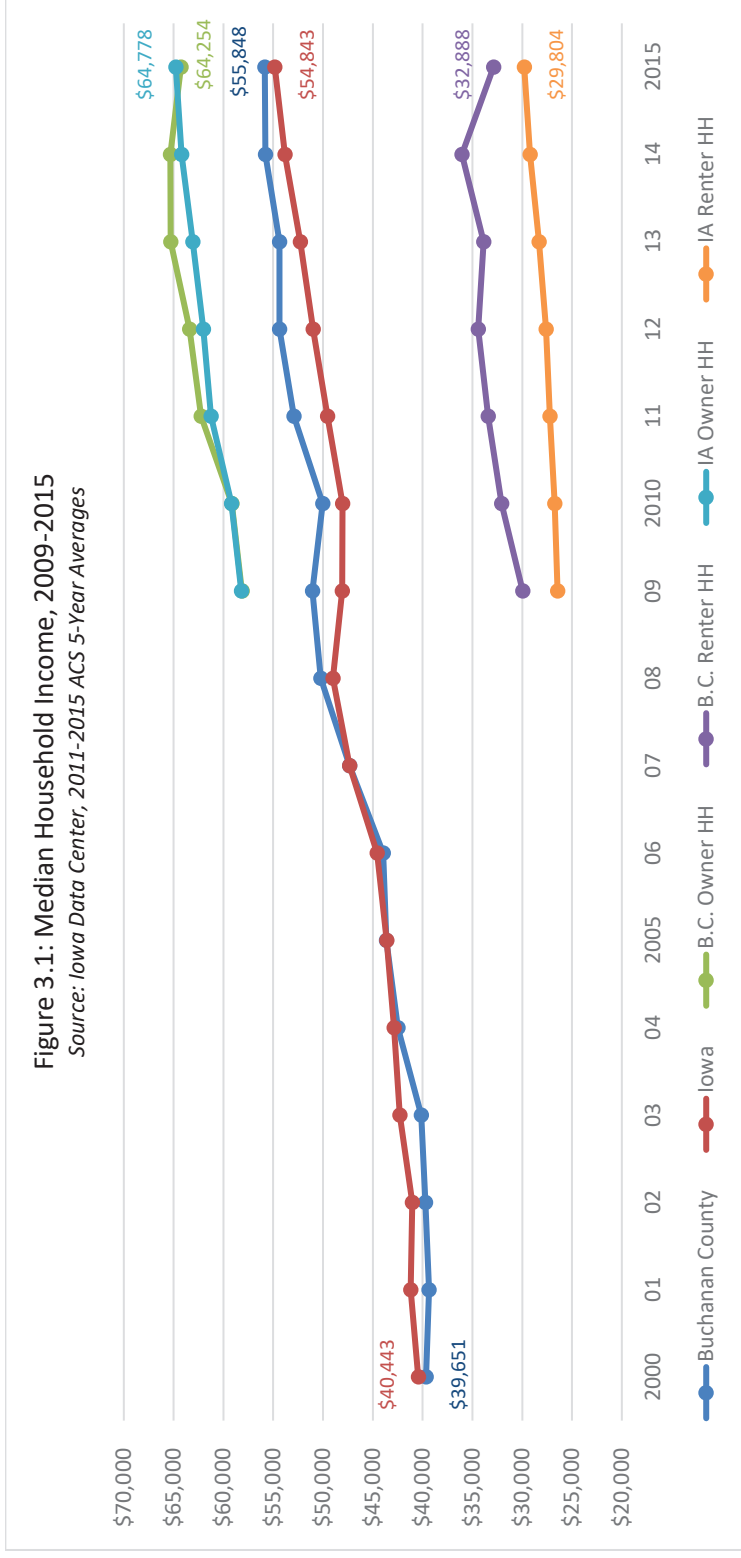

Section 3

Economic Considerations

Household Income

Buchanan County has experienced strong household growth throughout the county in the past several years, growing at an annual average rate of 2.8 percent between 2001 and 2015.

Figure 3.1 shows the median income of Buchanan County (blue) and the State of Iowa (red) from 2000 through 2015. As shown, the county's economy has grown at a slightly faster pace than the state.



In addition to overall median household income, household income of rental households and owner households for Buchanan County and Iowa are shown from 2009 to 2015. In Buchanan County, approximately 21 percent of households are rentals. As is evident, renters have nearly half the annual income as owner households in Buchanan County.

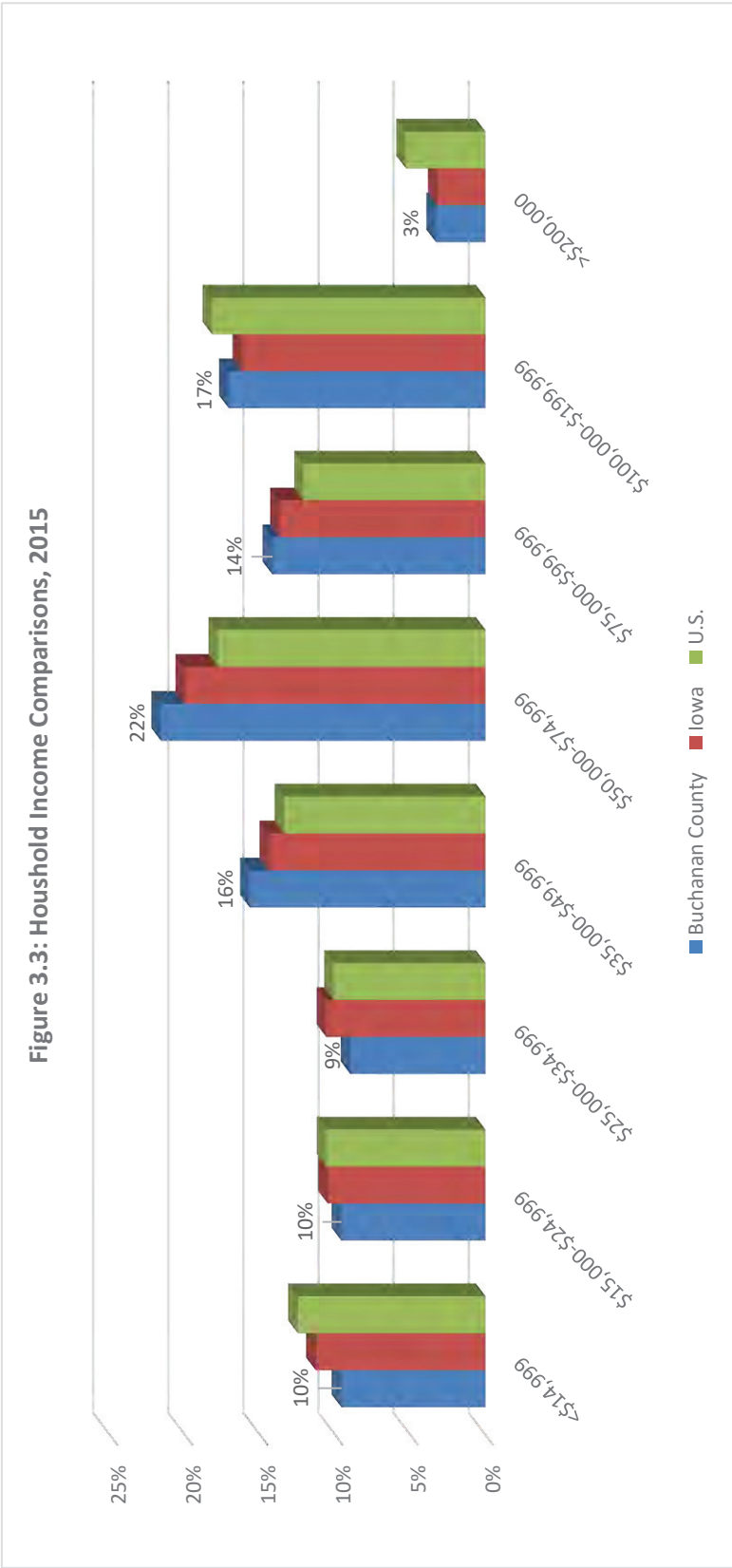
Figure 3.2 compares the county and state median income growth in 5, 10, and 15-year segments. Based on historic income growth patterns from 2000 through 2015, the county can anticipate an annual median income growth of 2.4 percent. Based on this growth prediction, it is projected the county's median income will be \$64,311 in 2020 and \$72,407 by 2025.

Figure 3.2: Historic Annual Household Median Income Growth

Timeframe	Buchanan Co.	Iowa
2001-2015	2.79	2.20
2006-2015	2.70	2.31
2011-2015	1.10	2.14

Source: Iowa Data Center, Median Household Income

Figure 3.3 shows the percent of households in Buchanan County, State of Iowa, and the United States by varying income ranges. Data labels are included for Buchanan County. In the county, nearly one-third (29 percent) of households made less than \$35,000 in 2015. Approximately one-third (38 percent) made between \$35,000 to \$74,999 and one third (34 percent) made \$75,000 or more.



Labor Force

Figure 3.4 shows the monthly historic unemployment rate of the County compared to the entire state. Data shows that Buchanan County's historic unemployment followed the same trend as the state's but typically at a slightly higher level. With the exception of one month (January 2017), the county's unemployment rate has remained below five percent in the most recent 16 months. In June (3.2%), July, (2.9%), and August (3.1%) 2017, the County's unemployment rate began trending below the state average.

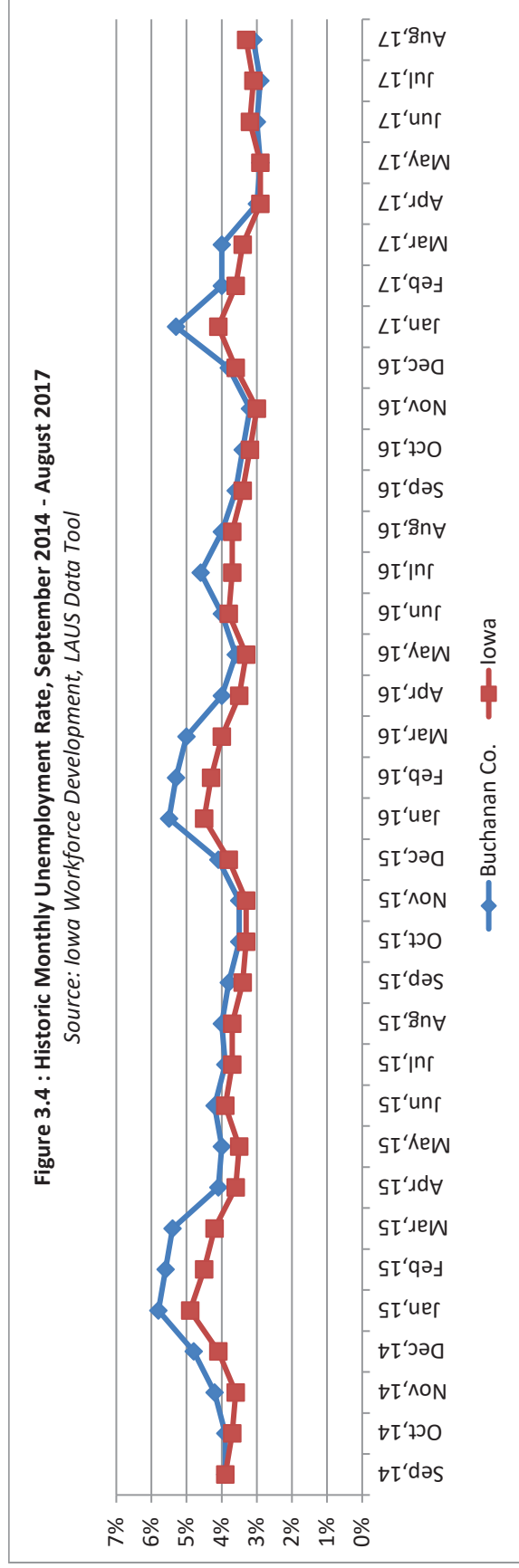


Figure 3.5: Employment growth Trends and Projections in Buchanan County

	2005	2010	2015	2020 (Projection)	% change, 2005-2015
Buchanan County	Labor Force	11,170	11,350	11,489	1.4%
	Employment	10,660	10,670	11,024	1.7%
	Unemployment Rate	4.6%	6.0%	(X)	-0.3%
Iowa	Labor Force	1,629,800	11,678,300	1,702,600	4.5%
	Employment	1,560,200	1,577,400	1,637,700	5.0%
	Unemployment Rate	4.3%	6.0%	(X)	-0.5%

Source: Iowa Department of Labor, Labor Force Summary Data Tools; Notes: labor force, employment, and unemployment rates are annual averages

Industry and Job Growth

Figure 3.6 shows the industry makeup of the County's population which participates in the workforce.

The most popular industry for employment in the County, as well as in the State, is Educational Services, Health Care and Social Assistance - accounting for 22 percent of the county's jobs.

Manufacturing is the second largest industry employer in Buchanan County, accounting for 21 percent of the county's jobs – six points higher than the state in general.

Figure 3.6: Existing Buchanan County Civilian Employment by Industry

Industry	Buchanan County		Iowa % of Employed Population	Difference of % between Buchanan Co & IA
	# of Persons	% of Employed Population		
Educational services, and health care and social assistance	2,226	21.5%	24.3%	-2.8%
Manufacturing	2,197	21.2%	15.2%	6.0%
Retail trade	1,164	11.2%	11.7%	-0.5%
Construction	796	7.7%	6.2%	1.5%
Agriculture, forestry, fishing and hunting, and mining	674	6.5%	3.9%	2.6%
Arts, entertainment, and recreation, and accommodation and food services	555	5.3%	7.5%	-2.2%
Transportation and warehousing, and utilities	508	4.9%	4.6%	0.3%
Finance and insurance, and real estate and rental and leasing	513	4.9%	7.4%	-2.5%
Other services, except public administration	443	4.3%	4.2%	0.1%
Professional, scientific, and management, and administrative and waste management services	400	3.9%	7.2%	-3.3%
Public administration	400	3.9%	3.2%	0.7%
Wholesale trade	361	3.5%	2.8%	0.7%
Information	138	1.3%	1.8%	-0.5%
Total # of civilians employed age 16 ≤	10,375	100%	100%	-

Source: 2011-2015 ACS 5-Year Estimates, Selected Economic Characteristics

Iowa Workforce Development (IWD) makes job and industry projections for defined regions within the state. Buchanan County is part of IWD Region 7, which also includes the counties of Butler, Grundy, Bremer and Black Hawk. In 2015, IWD published expected employment growth of each region throughout the state. Figure 3.7 and Figure 3.8 depict the expected jobs growth, by industry, for Region 7.

Figure 3.7 shows job categories organized by their designated North American Industry Classification (NAIC) code along with the total number of projected jobs, median salary, and the percent of new jobs that industry represents in the region. Figure 3.8 displays a scatter plot of the data from Figure 3.7.

Healthcare Practitioners and Technical Occupations (NAIC Code #29) is expected to see the greatest growth in number of jobs in over the next decade. IWD anticipates 830 new jobs in this sector, representing 9.7 percent of all projected growth. This job category also is expected to pay a median salary of \$51,794.

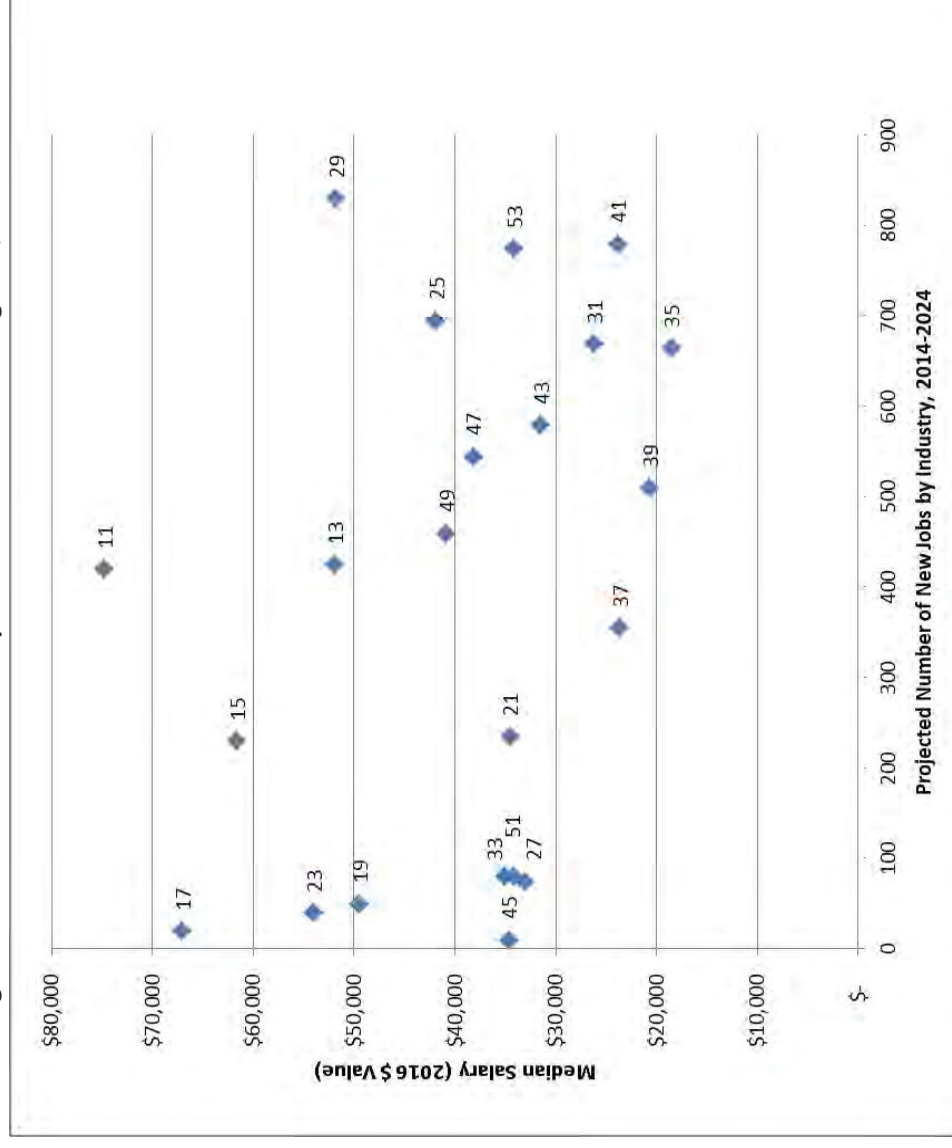
In addition, Healthcare support occupations (NAIC #31) is expected to grow by 7.9 percent, equating to 670 new jobs. However, these jobs will be at a much lower wage than #29, with a 2016 median in come of \$26,204. Combined, Healthcare Practitioners and Technical Occupations (#29) and Healthcare Supportive Occupations (#31) will account for 18 percent of the region's job growth.

Figure 3.7: Anticipated New Jobs in IWD Region 7, 2014-2024

NAIC	Occupation	# of Jobs	Median Salary (2016)	% of Jobs
29	Healthcare Practitioners and Technical Occupations	830	\$51,794	9.7%
41	Sales and Related Occupations	780	\$23,816	9.1%
53	Transportation and Material Moving Occupations	775	\$34,133	9.1%
25	Education, Training, and Library Occupations	695	\$41,842	8.1%
31	Healthcare Support Occupations	670	\$26,204	7.9%
35	Food Preparation and Serving Related Occupations	665	\$18,514	7.8%
43	Office and Administrative Support Occupations	580	\$31,493	6.8%
47	Construction and Extraction Occupations	545	\$38,173	6.4%
39	Personal Care and Service Occupations	510	\$20,667	6.0%
49	Installation, Maintenance, and Repair Occupations	460	\$40,844	5.4%
13	Business and Financial Operations Occupations	425	\$51,873	5.0%
11	Management Occupations	420	\$74,775	4.9%
37	Building and Grounds Cleaning and Maintenance Occupations	355	\$23,618	4.2%
21	Community and Social Service Occupations	235	\$34,511	2.8%
15	Computer and Mathematical Occupations	230	\$61,650	2.7%
33	Protective Service Occupations	80	\$35,048	0.9%
51	Production Occupations	80	\$34,133	0.9%
27	Arts, Design, Entertainment, Sports, and Media Occupations	75	\$33,036	0.9%
19	Life, Physical, and Social Science Occupations	50	\$49,437	0.6%
23	Legal Occupations	40	\$54,014	0.5%
17	Architecture and Engineering Occupations	20	\$67,008	0.2%
45	Farming, Fishing, and Forestry Occupations	10	\$34,634	0.1%
	Total	8,530	-	100%

Source: Iowa Workforce Development

Figure 3.8: Scatter Plot of Anticipated New Jobs in IWD Region 7, 2014-2024



Other areas expected to see the largest growth include Sales and Related Occupations (+9.1%), Transportation and Material Moving Occupations (+9.1%), and Education, Training, and Library Occupations (+8.1%).

Combined, the top five job classifications will account for 44 percent of the region's job growth.

Overall, Region 7 employment is expected to grow by 7.3 percent from 2014 to 2024 – equating to 0.7 percent annual growth

Service jobs (primarily healthcare) are, in general, expected to outperform goods-producing occupations (manufacturing).

As shown in 3.6, the county's current largest industry employer is manufacturing, which accounts for over 20 percent of the county's existing jobs. However, as Figure 3.8 shows, future manufacturing job growth is expected to be limited, with Production Occupations (NAIC #51) adding only 80 jobs through 2024.

Overall, Region 7 employment is expected to grow by 7.3 percent from 2014 to 2024 – equating to 0.7 percent growth annually. Service-providing jobs (primarily healthcare) are, in general, expected to outperform goods-producing occupations.

Figure 3.9: IWD Region #7, 2017 Annual Profile Executive Summary and Map

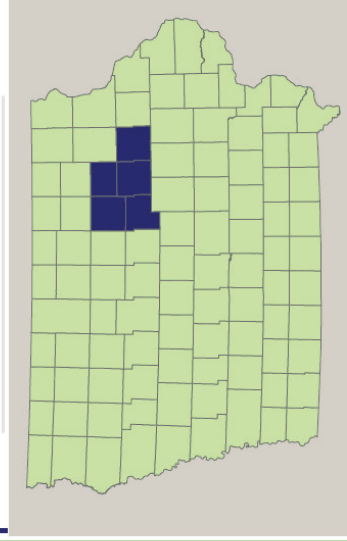
Source: Iowa Workforce Development 2017 Annual Profile

Executive Summary

As of 2016, Iowa Workforce Development's (IWD) Region 7's largest private industry was Manufacturing, representing 18.5 percent (18,005) of the region's total covered employment of 97,549. The region's total employment decreased by 0.8 percent since 2015, while the average annual wage increased by 0.4 percent to \$42,810 for all industries. The Retail Trade industry posted the largest employment percentage increase of 2.5 percent during 2016.

IWD's Region 7 average weekly wage for all industries was \$823 for 2016. This was an increase of 0.4 percent since 2015. The highest average weekly wage for a private sector was in Manufacturing, averaging \$1,149. Between 2015 and 2016, the Information sector reported the largest percentage increase in average weekly wage of 7.0 percent.

STATE OF IOWA



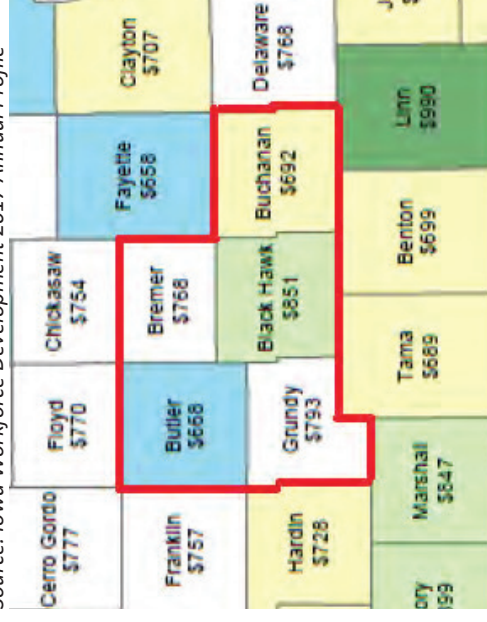
IWD Region #7

Iowa Workforce Development (IWD) divides the state into fifteen regions. Buchanan County is part of IWD Region #7 which also includes the counties of Bremer, Black Hawk, Butler, and Grundy. Figure 3.10 shows map of the region as well as an excerpt from the region's 2017 annual profile.

As stated in Figure 3.9, the average weekly wage for all industries in the region was \$823 in 2016 (\$42,796 annually). Figure 3.10 shows the average weekly payroll of Buchanan and surrounding counties. IWD Region #7 is outlined in red. In Buchanan County, the 2016 annual average weekly wage was \$692 (\$35,984 annually).

Figure 3.10: Average Weekly Wage for All Industries by County, Annual 2016

Source: Iowa Workforce Development 2017 Annual Profile



Commuting Characteristics

Figure 3.12 shows the commuting patterns of employed persons in the county from 2012-2014. An average of the most recent three years of data shows that 3,034 of the county's population lived and worked in Buchanan County. An estimated 6,655 laborers live in Buchanan County but work outside of the county. For 2,931 persons, their primary place of work is in Buchanan County but they live outside of the county. This is an ideal group of potential new residents.

Figure 3.11: County Commuter Patterns

Inflow/Outflow Job Counts in 2014

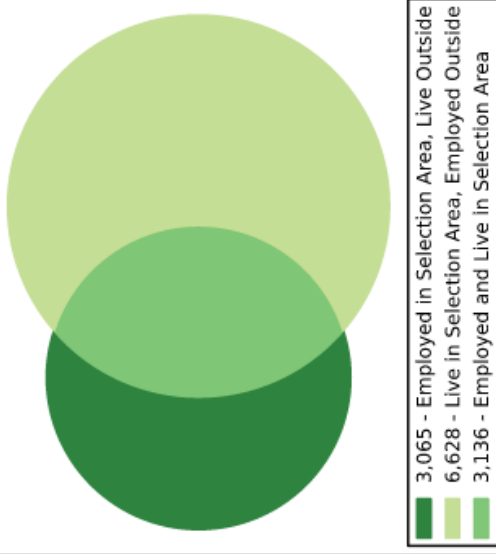


Figure 3.12: Inflow/Outflow Job Counts of Primary Jobs in Buchanan County, 2012-2014

	2014		2013		2012		3-Year Average	
	Count	Percent	Count	Percent	Count	Percent	Count	Percent
Employed in Buchanan County	6,201	100%	5,878	100%	5,816	100%	5,965	100%
Employed & Living in Buch. Co.	3,136	50.6%	2,964	50.4%	3,001	51.6%	3,034	50.9%
Employed in Buch. Co. but Living outside Buch. Co.	3,065	49.4%	2,914	49.6%	2,815	48.4%	2,931	49.1%
Living in Buchanan County	9,764	100%	9,256	100%	9,777	100%	9,599	100%
Living & Employed in Buch. Co.	3,136	32.1%	2,964	31.1%	3,001	30.7%	3,034	31.6%
Living in Buchanan Co. but Employed outside of County	6,628	67.9%	6,562	68.9	6,776	69.3%	6,655	69.3%

Source: US Census Bureau, onthemap.ces.census.gov; Primary jobs are public and private sector jobs, one job per worker. A primary job is the highest paying job of an individual

Figure 3.13 shows the location (by county) of jobs of members of the workforce that live in Buchanan County. Fifty-one (51) percent (3,136 of 6,201) of workers living in Buchanan County also work in Buchanan County. The other 49 percent commute outside of the county for work. The most popular destinations are Black Hawk County (11%) and Fayette County (8%). Another 30% (1,892) work in other counties.

Figure 3.13: Location of Jobs of Workers Living in Buchanan County, 2014

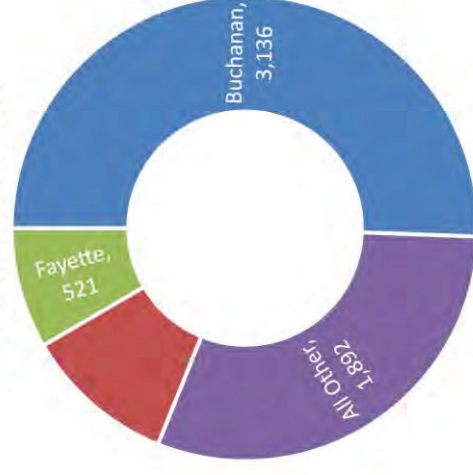


Figure 3.14 displays the county of residence of persons with places of employment inside Buchanan County. Of the 2014 estimated 9,764 workers that work inside the county on a given day, less than one-third (3,136 or 32%) reside in Buchanan County. Data shows that 2,398 (25%) of workers employed in Buchanan County live in Black Hawk County (home of Cedar Falls/Waterloo metropolitan area). The next most popular counties to live are Linn County (13%) and Fayette County (4%). Another 26% (2,521) live in other counties.

Figure 3.14: Location of Where Workers Employed in Buchanan County Live, 2014



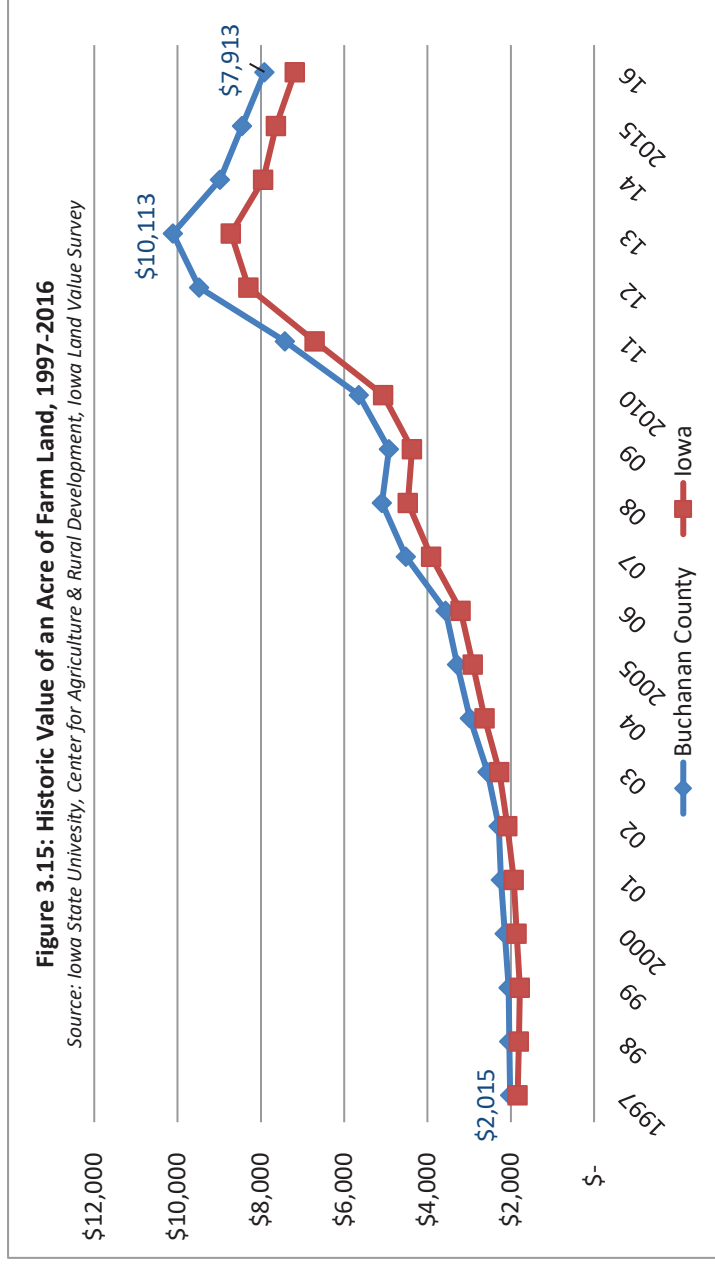
Land Value

Figure 3.15 displays the historic value of an acre of land in Buchanan County as well as the state from 1997 through 2016. In the 1990s land prices remained relatively steady. However, beginning in 2002, land prices in Iowa began to increase dramatically. Record commodity prices (primarily corn and soybeans) contributed to the increased land value given the high-quality soil Iowa possesses for crop production. Furthermore, Buchanan County is home to some of the richest farmland within the state. In the twelve-year period between 2002 and 2013 the average cost of an acre of land in Buchanan County increased by 341 percent - from \$2,291 per acre in 2002 to \$10,113 per acre in 2013.

Since 2013, land prices in Buchanan County and the state have begun to decline. In 2016, the average price for an acre of land in Buchanan County was \$7,913. Overall, county land prices have decreased by 21 percent since the county's all-time high in 2013.

The accelerated cost of land over the past 15 years likely deterred green field development as developers must absorb higher up-front costs to acquire land. In addition, it has been observed that many landowners were not interested in selling land because of the increasing value, record farming incomes (though this is not the case in the past couple of years), and ability to charge higher rent. Several communities, such as the cities of Brandon and Rowley, are landlocked and cannot grow initiating new housing developments.

The dramatically increasing land prices place greater value on maintaining and redeveloping existing housing stock with developed areas of communities as opposed to acquiring land for a new development.



Poverty

The US Census Bureau determines the poverty status of non-institutionalized population based on family size and income level. If a family's total annual income is below the threshold level appropriate for that family size, every member of the family is considered to be in poverty. The US Department of Health and Human Services annually determines poverty guidelines by family size based on US Census poverty thresholds³.

Figure 3.16 shows poverty statics for Buchanan County, the state's non-metro areas, and the state in its entirety. According to the data, it is estimated that nine percent of the county's population was below the poverty line in 2014. In the county, persons under the age of 18 had a highest rate of poverty among the age groups examined, at nearly 12 percent.

Figure 3.17 shows poverty rates of Buchanan County families by Housing Tenure (i.e. renter or owner). Renter households are nearly seven times more likely to be in poverty than owner-occupied homes.

Figure 3.16: Individuals and Families Living in Poverty, 2014

	Buchanan County		Nonmetro Average		State of Iowa	
	Estimate	MOE	Estimate	MOE	Estimate	MOE
All families						
With related children under 18 years	6.3%	+/-1.6%	8.2%	+/-2.3%	8.2%	+/-0.2%
With female householder, no husband present	10.3%	+/-3.0%	14.4%	+/-4.7%	13.9%	+/-0.3%
All people						
Under 18	40.3%	+/-14.9%	41.6%	+/-15.0%	39.1%	+/-1.0%
18 to 64 years	9.0%	+/- 1.6%	11.8%	+/-2.3%	12.6%	+/-0.2%
65 years and over	11.6%	+/-3.7%	16.3%	+/-5.4%	16.1%	+/-0.4%
	8.3%	+/-1.4%	11.0%	+/-2.3%	12.4%	+/-0.2%
	7.3%	+/-2.1%	8.7%	+/-2.8%	7.4%	+/-0.2%

Source: Iowa Government Finance Initiative, Iowa State University Extension & Outreach (raw data source: 2010-2014 American Community Survey)

Figure 3.17: Buchanan County Families in Poverty by Housing Tenure, 2015

Tenure	Count	% of Households
Owner-Occupied	4,833	3.6%
Renter Occupied	764	25.7%

Source: American Community Survey, 2011-2015 5-Year Estimates, Poverty Status in Past 12 Months

³ Federal Register Annual Update of the HHS Poverty Guidelines, www.federalregister.gov/documents/2016/01/25/2016-01450/annual-update-of-the-hhs-poverty-guidelines