



MONTANA'S OUTDOOR ECONOMY

by Logan Hendrix, *Senior Economist*

Montana is 2nd in the nation for outdoor recreation production as a percent of total GDP.



Montana's mountains, rivers, plains, and lakes offer ample recreation opportunities for residents and visitors. Whether people camp, hike, ski, hunt, fish, float, or bike, they contribute to the "outdoor economy" by spending money and interacting with businesses. This month's article explores Montana's outdoor recreation economy: the activities people pursue, the places they recreate, and how recreation has changed over the past two years since the COVID pandemic.

What is the Outdoor Economy and how big is it?

Enjoying the outdoors can be as simple as going on a walk. Yet even simple pursuits involve contributions from multiple industries. For example, fly fishing involves fly rod manufacturers, retail sellers of those rods, and fishing guides. There are also often transportation and lodging costs associated with getting someone casting. The outdoor economy encompasses all economic activity generated from outdoor recreation, including core and supportive activities.

Outdoor recreation makes up a substantial component of Montana's economy, generating \$2.5 billion of annual gross domestic product (GDP) and accounting for 4.4% of total GDP in 2021. Only Hawaii has a greater concentration of outdoor recreation. Montana's location in the Rocky Mountain West contributes to the state's high concentration of outdoor recreation production. Other states in the region, like Wyoming and Idaho, also experience high levels of outdoor recreation. **Figure 1** shows the concentration of outdoor recreation in Montana compared to the rest of the nation.

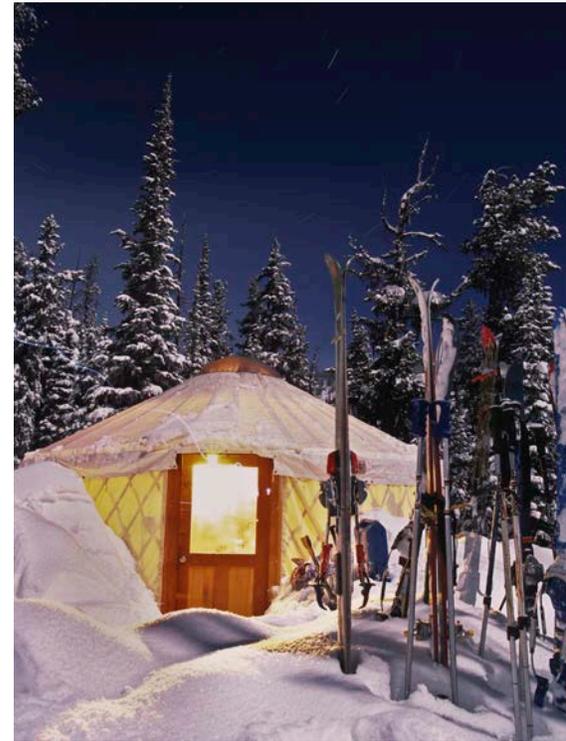
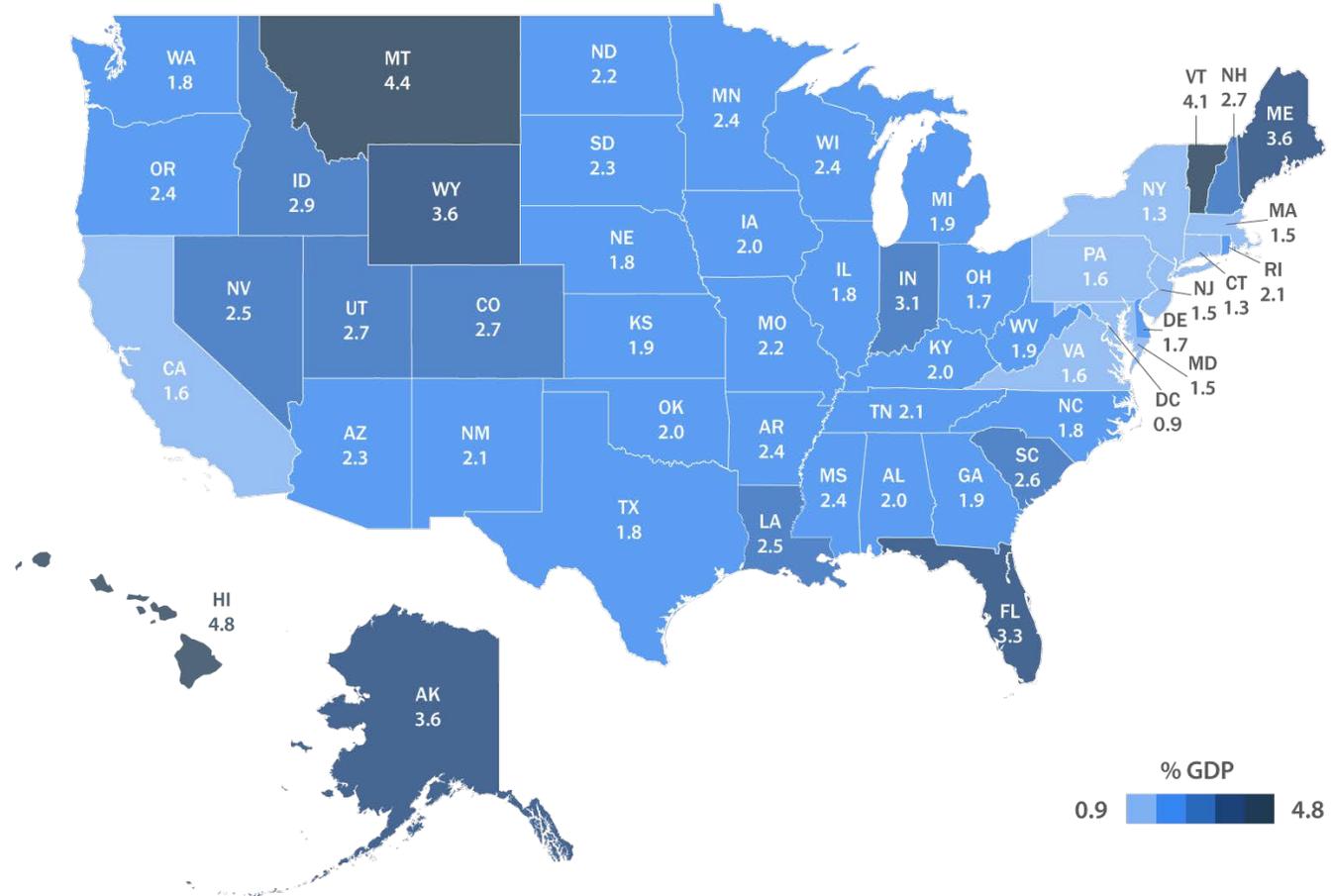


FIGURE 1
State Outdoor Recreation Value Added as a Percent of State GDP, 2021

A comprehensive measure of economic activity, GDP measures the value of goods and services produced in an area



Source: U.S. Bureau of Economic Analysis

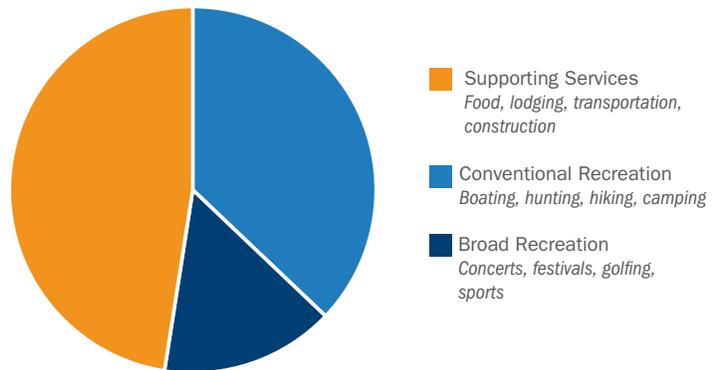
Outdoor Recreation Activities

Outdoor recreation production consists of both the recreational activities themselves (skis and lift tickets) as well as the supportive activities that make them possible (transport to the mountain and construction of chair lifts). About half of outdoor recreation production comes from recreational activities, generating \$1.3 billion in GDP. The other half of economic activity comes from supportive activities such as lodging, food, transportation, and construction. **Figure 2** shows outdoor recreation GDP by activity.

The largest activities are RVing and boating, generating \$160 million and \$110 million in GDP. These activities aren't necessarily the most popular, but they generate the largest amounts of economic production due in part to the high equipment prices. The outdoor recreational activities that contribute the most to GDP are similar in Montana and the US—Montana just does relatively more of each activity. **Figure 3** shows the largest core activities' contributions to GDP for Montana and for the nation as a percent of total GDP.

FIGURE 2
Outdoor Recreation GDP by Activity, Montana 2021

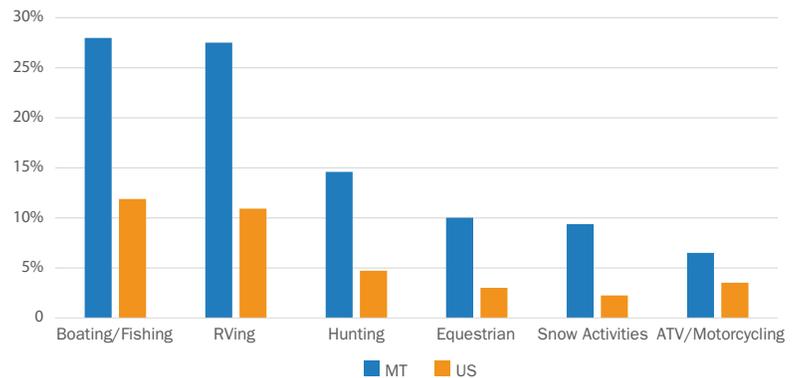
About half of the \$2.5 billion in GDP comes from recreation activities themselves, while the other half comes from services that support outdoor recreation



Source: U.S. Bureau of Economic Analysis, "SAOACTVA Outdoor recreation satellite account activities - value added"

FIGURE 3
Activities' Percent of Total GDP

Montana's largest activities are the same as the nation's—just higher percent of total GDP



Source: U.S. Bureau of Economic Analysis, "SAOACTVA Outdoor recreation satellite account activities - value added"





Many outdoor activities increased in their economic production during the COVID pandemic, which could reflect increased popularity as people turned to outdoor opportunities for recreation. **Figure 4** shows the change in GDP from selected activities from 2019 to 2021. Several water activities had especially large increases. Canoeing and kayaking GDP more than doubled over these two years. RVing and tent camping GDP were both up over 30%, though RVing is a much larger component of GDP. Guided tours, hunting, shooting/archery, and biking all saw similarly large increases from 2019 to 2021.

FIGURE 4
Outdoor Recreation GDP by Activity (in millions)

From 2019 to 2021 many recreational activities increased in GDP, which may reflect increased popularity

Description	2021	\$ Change	% Change 2019
Total Outdoor Recreation	2,565	+18	1%
Core Outdoor Recreation	1,346	+99	8%
Canoeing/Kayaking	6	+4.1	184%
Water Skiing, Rafting, SUP, Windsailing	14	+5.6	65%
Bicycling	10	+2.6	38%
Guided Tours/Outfitted Travel	109	+59	36%
Motorcycling/ATVing	38	+9.5	33%
RVing	160	+39	32%
Climbing/Hiking/Tent Camping	35	+8.3	31%
Hunting/Shooting/Trapping	85	+20	30%
Productive Activities (includes Gardening)	53	+10	23%
Boating/Fishing	163	+4	3%
Amusement Parks/Water Parks	16	-0.6	-4%
Game Areas (includes Golfing and Tennis)	70	-4	-5%
Equestrian	58	-4	-6%
Recreational Flying	4	-0.5	-10%
Snow Activities	55	-10	-15%
Festivals/Sporting Events/Concerts	10	-4.5	-31%
Supporting Outdoor Recreation	1,219	-81	-6%
State and Local Government	71	+14	25%
Shopping and Souvenirs	123	+13	11%
Lodging	355	+16	5%
Local Trips	215	0	0%
Food and Beverages	153	-4	-3%
Federal Government	35	-4.4	-11%
Transportation	232	-115	-33%

Source: U.S. Bureau of Economic Analysis, Outdoor recreation satellite account

Note: Not all activities included in table – activities will not sum to the full totals. All dollar estimates are in millions of current dollars (not adjusted for inflation). Local Trips include trip expenses less than 50 miles away from home, including food and beverages, lodging, shopping and souvenirs, and transportation. Food and beverage, lodging, shopping and souvenirs, and transportation production excludes local trips.

The GDP associated with several activities fell from 2019 to 2021, including recreational flying, sailing, and snow activities. The lack of widespread vaccine availability in early 2021 disproportionately hurt winter outdoor activities like skiing and snowboarding. Economic activity from large outdoor gatherings also remained depressed in 2021 compared to 2019. Outdoor events like festivals and concerts reported a 30% drop in GDP over the two-year timeframe.

Support activities were another drag on outdoor recreation GDP from 2019 to 2021, falling 6% during this timeframe. This drop in production was primarily driven by a drop in transportation GDP. Transportation is one of many activities that support outdoor recreation, along with lodging, food and beverage, construction, and shopping services. Transportation for the purposes of outdoor recreation declined 33% from 2019 to 2021. This drop in outdoor recreation transportation is consistent with an overall decline

in transportation GDP across the state during this timeframe.¹ Rising fuel costs and supply chain disruptions resulted in a drop in transportation production in the state, especially for non-essential services like vacation travel.

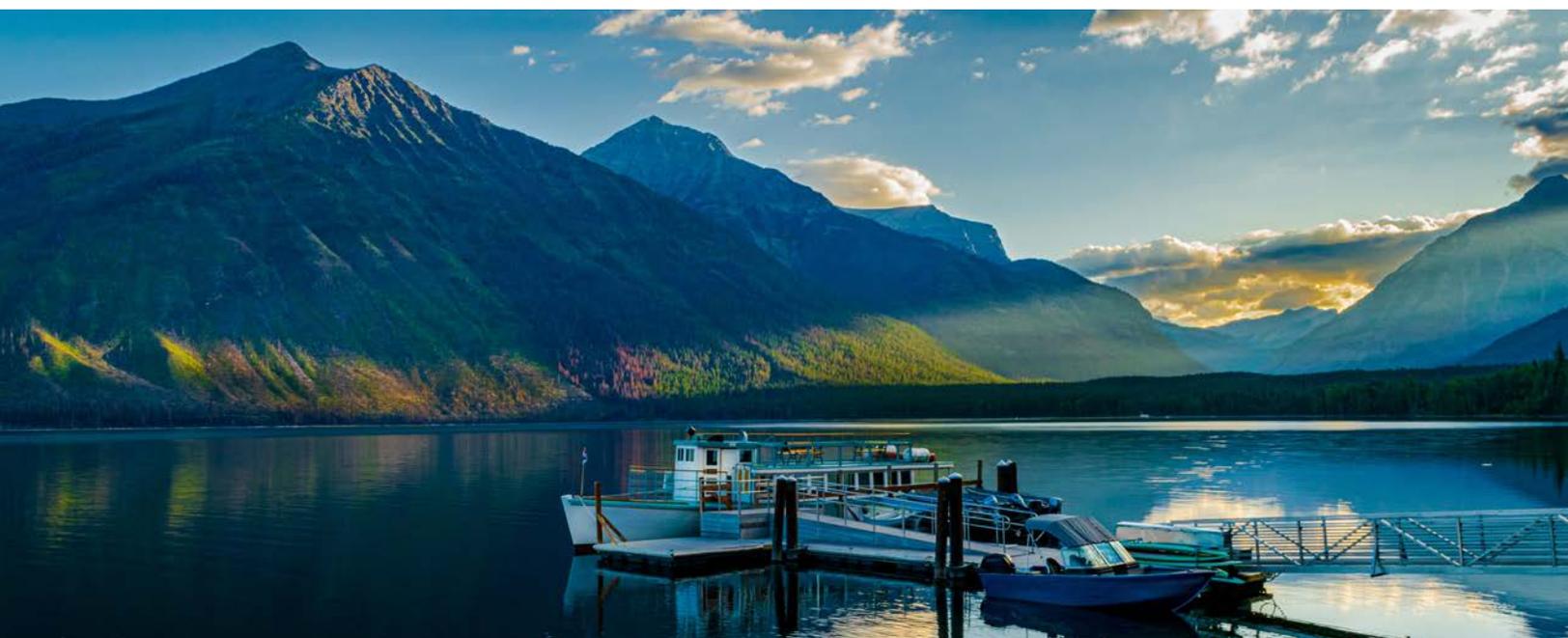
Despite declines in outdoor recreation transportation GDP, the number of out-of-state visitors has held steady. The Institute for Tourism and Recreation Research (ITRR) estimates a similar number of visitors in 2021 as in 2019, with a slight increase in the percentage of those traveling for vacation. Yellowstone and Glacier National Park had their largest and second largest visitation numbers in 2021, which are common destinations for out-of-state visitors.² Buoyed by strong household balance sheets exiting the pandemic recession, out-of-state visitors increased their spending in Montana.³ Nonresident travel spending rose from \$4 billion to \$5 billion in 2021 relative to 2019.⁴

¹ Transportation and warehousing real GDP fell by 3.6% from 2019 to 2021 according to the U.S. Bureau of Economic Analysis Real GDP by state.

² National Park Service Visitor Use Statistics

³ Household checkable deposits and currency assets tripled from 2019 to 2021. Federal Reserve Bank of St. Louis, FRED. <https://fred.stlouisfed.org/series/BOGZ1FL193020005Q#0>

⁴ Grau, Kara, "2021 Nonresident Visitation, Expenditures, & Economic Impact Estimates" (2022). Institute for Tourism and Recreation Research Publications. 430. https://scholarworks.umt.edu/itr_pubs/430



Outdoor Recreation Employment & Wages

Outdoor recreation employs over 27,000 people in Montana, translating to 5.4% of the workforce. Employees earned an average of \$42,500 in wages and salaries in 2021, which falls below the statewide average wage of \$51,300.⁵ Outdoor recreation employment tends to be concentrated in lower-wage industries of retail trade and leisure activities (food and accommodation services, arts, entertainment, and recreation). Combined, these industries employ 76% of all workers within outdoor recreation. **Figure 5** shows the breakdown of industry employment in the outdoor economy.

Hotels, cabins, RV parks, restaurants, bars and other accommodation and food service businesses employ 8,000 outdoor recreation workers. These accommodation and food service workers earn \$29,300 in average wages, which is the lowest among outdoor recreation industries.

Arts, entertainment, and recreation businesses employ many workers who are directly involved in the provision of outdoor recreation services. This industry makes up 18% of outdoor recreation employment, translating to approximately 5,000 jobs. These employees work at ski areas, marinas, and golf courses, or act as guides to take people on chartered trips.

Nearly 8,000 retail trade workers help equip people to recreate outdoors, translating to 29% of outdoor recreation employment. These individuals work in sporting goods shops to gear people up for outdoor activities, help sell large items like boats and RVs, or send visitors home with mementos from national park gift shops. Outdoor recreation employees in retail trade earned \$40,600 in average wages in 2021, which is slightly above the earnings for workers in leisure activities. However, the average wage for retail workers remains below the statewide average.

Outdoor recreation employs over 27,000 Montanans, translating to 5.4% of all employment in the state.

When it comes to the outdoor economy, location is key. Almost 75% of employment in the outdoor economy is in western Montana, where there's a lot of access to mountains, national parks, and public land, and more people and infrastructure to serve visitors. For some Montana counties, outdoor recreation makes up an especially large percent of all employment. In Granite and Madison counties at least 20% of workers have jobs that are related to outdoor recreation, and at least 10% in Meagher County.⁶ The outdoors are a resource that brings spending to an area and can be a vital part of local economies.

FIGURE 5
Outdoor Recreation Employment by Industry

Each icon represents 1,000 jobs that come from outdoor recreation



Source: U.S. Bureau of Economic Analysis, "SAOACTVA Outdoor recreation satellite account compensation and employment" by industry 2021

⁵ Quarterly Census of Employment and Wages, 2021 annual average wage in Montana.

⁶ Montana Department of Labor and Industry, Quarterly Census of Employment and Wages



Conclusion

Montana is known for its ample outdoor recreation opportunities, which are enjoyed by residents and visitors alike. Outdoor recreation is a core part of the Montana economy, generating \$2.5 billion in GDP. Much of the economic value generated extends beyond the immediate recreation itself, supporting retail stores, lodging, restaurants, and manufacturers.

Continued growth in outdoor recreation will depend on the industry's ability to attract and retain a qualified workforce by offering competitive wages that allow employees to afford increasing cost of living expenses. Transportation costs will continue to impact demand for outdoor recreation in Montana, particularly for long-distance travelers. Entrepreneurship and innovation from Montana businesses along with growing opportunities to recreate will help facilitate continued growth in recreation.