

UTAH'S ECONOMY

A monthly report produced for COMMERCE REAL ESTATE SOLUTIONS by Jim Wood, Bureau of Economic and Business Research, University of Utah



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STATUS OF UTAH'S ECONOMIC RECOVERY

In the summer of 2008 the number of jobs in Utah peaked at 1.26 million; an all-time high. What followed has been well documented: a loss of 70,000 jobs in two years and an unemployment rate spiking to 8.0%; the highest level since the 1930s Depression. 6% of the jobs in the Utah labor market vanished over 24 months. It took a little over four years for the Utah labor market

to get back to its pre-recession employment level. By the fourth quarter of 2012 the number of jobs in Utah exceeded the pre-recession peak. A side note, if the Great Recession could have been avoided and Utah had average rates of job growth during 2008-2011 period the number of jobs in 2014 would likely be about 13% higher—175,000 jobs.

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The recovery from the Great Recession has been uneven. Some employment sectors have performed well while other sectors have struggled. Three important and relatively high wage sectors have not regained their pre-recession levels: federal government, manufacturing, and construction, *Table 1*. Construction employment is still off 15% from its 2008 level and manufacturing is 5.0% below its 2008 level.

Much of the weakness in Utah's manufacturing sector is related to the home building industry's woes. Manufacturing jobs in furniture, wood products and nonmetallic minerals (sand, gravel and aggregates)—all related to home building—are well below their 2008 levels. The largest losses in a single manufacturing

company were reported by ATK. ATK is a major aerospace firm with several locations in Utah; Magna, Clearfield and Brigham City. At its peak ATK employed over 5,000 workers in Utah but in the last four years the company has laid off over 2,000 employees. Most of the layoffs were not recession related but rather a consequence of the end of a large contract ATK had for NASA's space shuttle program.

The retail trade sector, Utah's largest employment sector, has also been a bit of a laggard. Employment is barely above the 2008 level. This is worrisome because retail trade is so important in providing jobs for entry level workers as well as second income opportunities for moderate income households.

Although job growth in health care slowed considerably during the recession, the health care sector leads all employment sectors with over 20,000 additional jobs in the past six years, an increase of nearly 18%. For comparison, the six years prior to the recession (2002-2008) health care jobs increased by 44%, two and a half times the recent growth rate.

The professional and scientific services sector ranks second in growth since 2008, but unlike health care this sector suffered through two years of job losses during the recession. But since 2011 job growth for this sector has been spectacular. In three years employment increased by 21%, an average annual growth rate of nearly 7.0%. The professional and scientific services sector is comprised mainly of workers who, as the U.S. Bureau of Labor Statistics says, "sell their expertise".

Local and state governments have also been leading sectors in the recovery. Employment in state government is up 18% and 9% in local government. The only other sector with an employment gain of more than 10,000 jobs is accommodation and food services. All of the growth in this sector has been in food services. Employment in accommodations has been flat since 2008.

While the recovery has been uneven across employment sectors it has also been uneven geographically. Employment in 16 of Utah's 29 counties is still below 2008 levels, *Table 2* and *Map 1*. Most of the underperforming counties are small, rural counties but there are three sizeable counties that continue to struggle: Weber, Tooele, and Box Elder. Employment in Weber County is only three-tenths of one% higher than in 2008, about 300 jobs. Weber County historically is the slowest growing Wasatch Front county. Tooele County is down nearly 5.0% due primarily to layoffs at Deseret Chemical Depot where the disposal work of chemical weapons stockpiled at Tooele Army Depot has been completed. Also, as discussed above Box Elder County's weakness is related to cutbacks in aerospace funding.

The good news is the strength of the local economies in Utah's three largest counties; Salt Lake, Utah and Davis counties. In Salt Lake County the number of jobs is 33,000 higher than the 2008 level; up 5.5%. Both Davis and Utah counties have had very strong rebounds from the recession. The number of jobs in

**TABLE 1 - EMPLOYMENT CHANGE
IN MAJOR SECTORS 2008-2014
(SECOND QUARTER)**

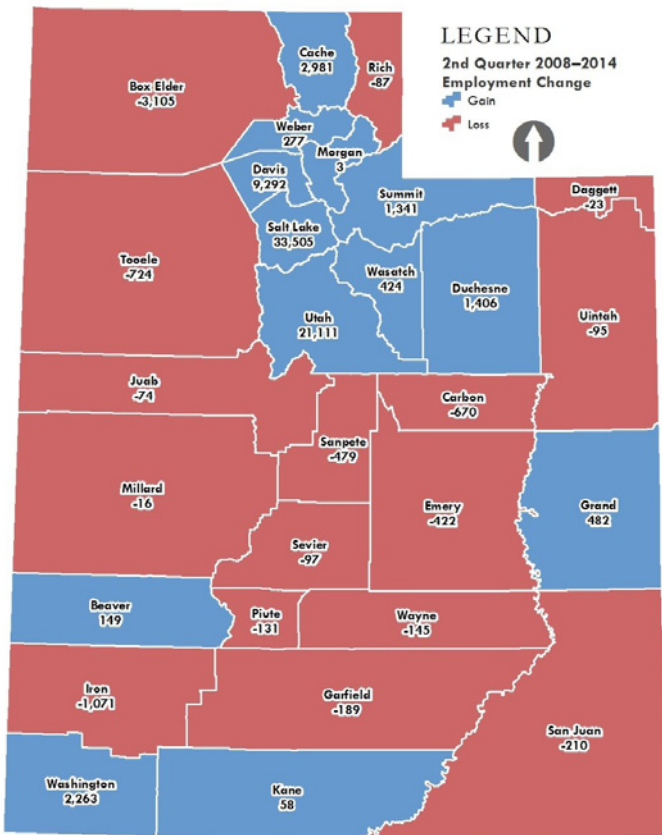
	2008 2nd Qtr.	2014 2nd Qtr.	Numeric Change	% Change
HEALTHCARE AND SOCIAL ASSISTANCE	113,581	133,663	20,082	17.7%
PROFESSIONAL AND SCIENTIFIC SERVICES	68,056	81,870	13,814	20.3%
STATE GOVERNMENT	63,318	74,904	11,586	18.3%
LOCAL GOVERNMENT	115,013	125,511	10,498	9.1%
LODGING AND FOOD	97,966	108,275	10,309	10.5%
PRIVATE EDUCATION SERVICES	30,822	38,126	7,304	23.7%
ADMINISTRATIVE SUPPORT	75,118	81,349	6,231	8.3%
OTHER	145,173	148,402	3,229	2.2%
INFORMATION	31,239	33,124	1,885	6.0%
TRANSPORTATION AND WAREHOUSING	46,710	48,160	1,450	3.1%
RETAIL TRADE	148,477	149,658	1,181	0.8%
MINING	12,194	12,237	43	0.4%
FINANCE	56,192	55,932	-260	-0.5%
FEDERAL GOVERNMENT	35,667	34,694	-973	-2.7%
MANUFACTURING	126,931	120,632	-6,299	-5.0%
CONSTRUCTION	92,994	78,679	-14,315	-15.4%
TOTAL	1,259,451	1,325,216	65,765	5.2%

Source: Utah Department of Workforce Services.

Davis County is 9.0% higher than 2008 and in Utah County, 11% higher. Utah County has been recording employment growth over the past three years of 4-5% annually; a very high rate of growth for a county with a job market of 200,000 workers. The growth in these large counties has pushed the statewide unemployment rate below 4.0%. In fact the unemployment rate has been below 4.0% throughout 2014, which has given rise to recent talk about whether the Utah economy is near full employment.

TABLE 2 - EMPLOYMENT CHANGE BY COUNTY – 2008 TO 2014 (SECOND QUARTER)

County	2008 2nd Qtr.	2014 2nd Qtr.	% Change
DUCHESNE	8,353	9,759	16.8%
UTAH	185,455	206,566	11.4%
GRAND	5,076	5,558	9.5%
DAVIS	105,147	114,439	8.8%
BEAVER	2,143	2,292	7.0%
WASATCH	6,729	7,153	6.3%
SUMMIT	21,755	23,096	6.2%
CACHE	50,728	53,709	5.9%
SALT LAKE	604,593	638,098	5.5%
WASHINGTON	52,261	54,524	4.3%
KANE	3,327	3,385	1.7%
WEBER	96,686	96,963	0.3%
MORGAN	1,940	1,943	0.2%
MILLARD	4,099	4,083	-0.4%
UINTAH	15,230	15,135	-0.6%
SEVIER	8,245	8,148	-1.2%
JUAB	3,312	3,238	-2.2%
TOOELE	15,722	14,998	-4.6%
SAN JUAN	4,384	4,174	-4.8%
DAGGETT	444	421	-5.2%
SANPETE	7,868	7,389	-6.1%
IRON	16,816	15,745	-6.4%
GARFIELD	2,650	2,461	-7.1%
EMERY	4,010	3,588	-10.5%
CARBON	9,466	8,796	-7.0%
RICH	776	689	-11.2%
WAYNE	1,167	1,022	-12.4%
BOX ELDER	20,716	17,611	-15.0%
PIUTE	362	231	-36.2%



Source: Utah Department of Workforce Services, Workforce Research and Analysis.



Source: Utah Department of Workforce Services.



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