

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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RECENT ECONOMIC NEWS: EMPLOYMENT, CONSTRUCTION AND HOUSING PRICES

Employment Utah has had 25 consecutive months of job gains, *Figure 1*. In July 2012 employment growth was 2.0 percent or 24,500, which was the slowest monthly job growth in 13 months. The Utah Department of Workforce Services believes July was an anomaly and that August will return to the 2.3 - 2.5 percent range.

July was also the first month in the past 18 months that Utah was not in the top five states in job growth. The most recent employment data show that Utah ranks tenth among all states in percent increase in nonfarm employment (July to July), *Table 1*. In June the state ranked second behind only North Dakota, and in May Utah ranked third. Despite the relatively weak job numbers in July, Utah continues to outperform most states.

Over the past year Utah's job growth has been led by professional and business services, *Table 2*. This sector has grown by 7,300 jobs and includes professionals (lawyers, engineers, architects), scientists and business services (establishments supporting day-to-day operation of other organizations). The most surprising numbers are the 5,000 new jobs in manufacturing and the loss of jobs in construction. Year over comparisons show 900 fewer construction jobs. Durable goods have led the manufacturing sector. Healthcare ranks third with 4,300 additional jobs. Last month healthcare had growth of only 1.1 percent but this month it has increased to 2.8 percent, well below the 4-6 percent annual rate of growth for this sector during the past 10 years.

Table 1 Top Ten States Ranked by Change in Nonfarm Employment (July 2011 to July 2012)

	Absolute Change (000)	Percent Change
North Dakota	27.0	6.9
California	362.2	2.6
Oklahoma	38.0	2.5
Arizona	55.7	2.5
Texas	226.8	2.2
Minnesota	57.6	2.2
Indiana	62.6	2.2
Ohio	101.2	2.2
Louisiana	39.3	2.1
Utah	24.5	2.0

Source: U.S. Bureau of Labor Statistics

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Figure 1 Monthly Percent Change in Nonfarm Employment in Utah (Year-Over)

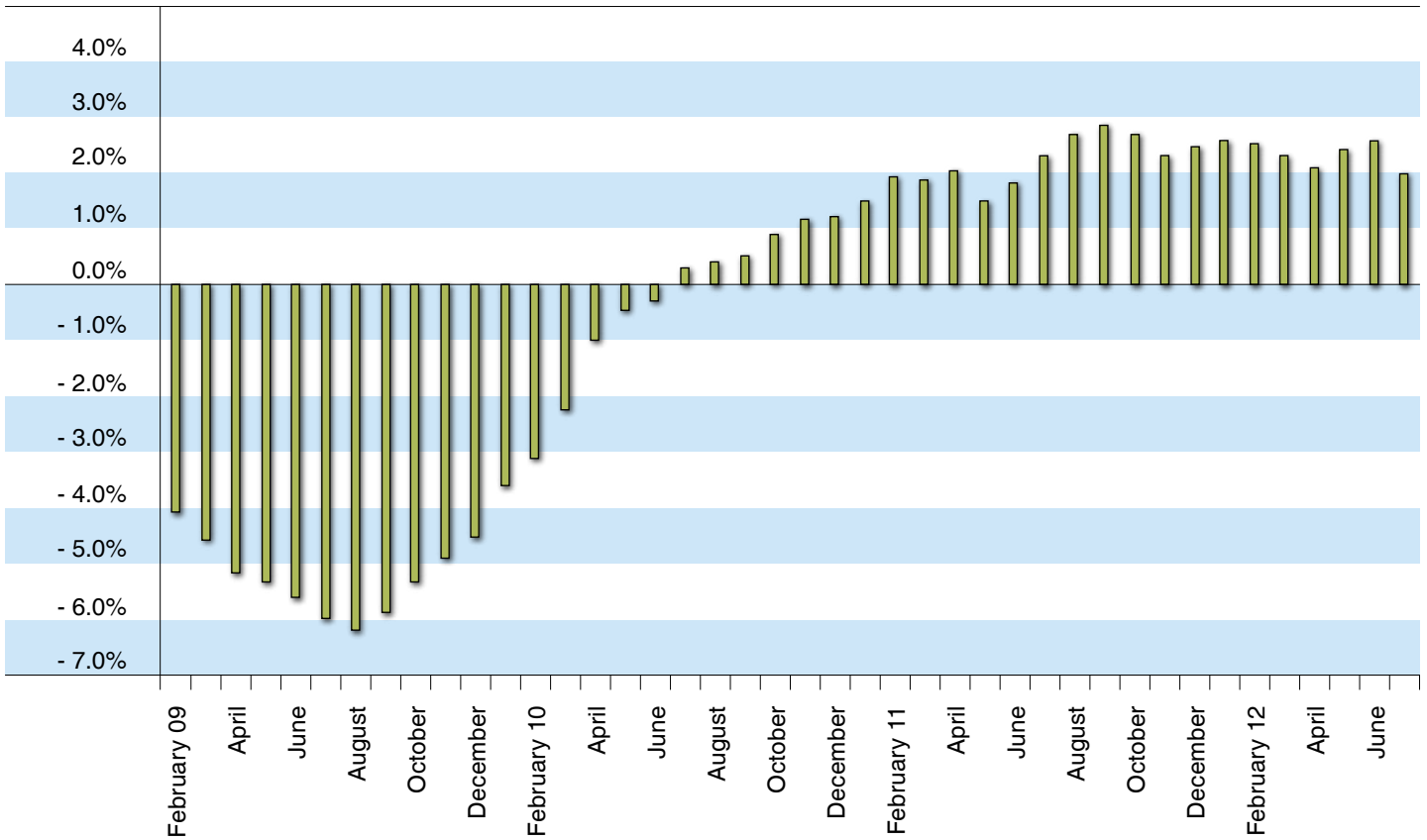


Table 2 Job Growth by Sector in Utah (July 2011 to July 2012)

Sector	Change
Professional and Business Services	7,300
Manufacturing	5,000
Health and Education (Private)	4,300
Financial Activities	2,300
Trade, Transportation & Utilities	1,900
Government	1,200
Natural Resources	800
Leisure and Hospitality	500
Other Services	300
Information	100
Construction	-900

Source: Utah Department of Workforce Services

Residential Construction

New home construction is finally recovering from the severe contraction. The last four years new single-family home starts have been between 5,000-6,000 units. The expectation is that new starts in 2012 will be in the 7,000-7,500 range.

Construction data for the last three month period (June-August) shows a solid rebound. In the five major counties new single family construction is up 16 percent, *Table 3*. The single family rebound was very strong in the first quarter of 2012 but more recently the percent increase over 2011 has declined. In Davis and Utah Counties single family building activity is up a significant amount. Salt Lake County is performing at about the same level as 2011.

Table 3 Building Permits Issued for Single-Family Homes (June - August)

	2011	2012	June - August Change
Davis County	197	337	71.1%
Salt Lake County	677	669	-1.2%
Utah County	396	548	38.4%
Weber County	101	68	-32.7%
Washington County	232	241	3.9%
Total	1,603	1,863	16.2%

Source: Utah Construction Monitor

Table 4 Sales of Existing Single-Family Homes (June - August)

	2011	2012	June - August Change
Davis County	796	875	9.9%
Salt Lake County	2,752	2,992	8.7%
Utah County	1,264	1,241	-1.8%
Weber County	653	725	11.0%
Total	5,465	5,833	6.7%

Source: Wasatch Front Regional MLS

Table 5 Existing Homes (June - August)

	2011	2012	June - August Change	May - July Change
Davis County	\$197,250	\$210,000	6.5%	2.0%
Salt Lake County	\$202,750	\$215,000	6.0%	4.4%
Utah County	\$193,755	\$204,845	5.7%	3.5%
Weber County	\$142,000	\$149,900	5.6%	2.6%

Source: Wasatch Front Regional MLS

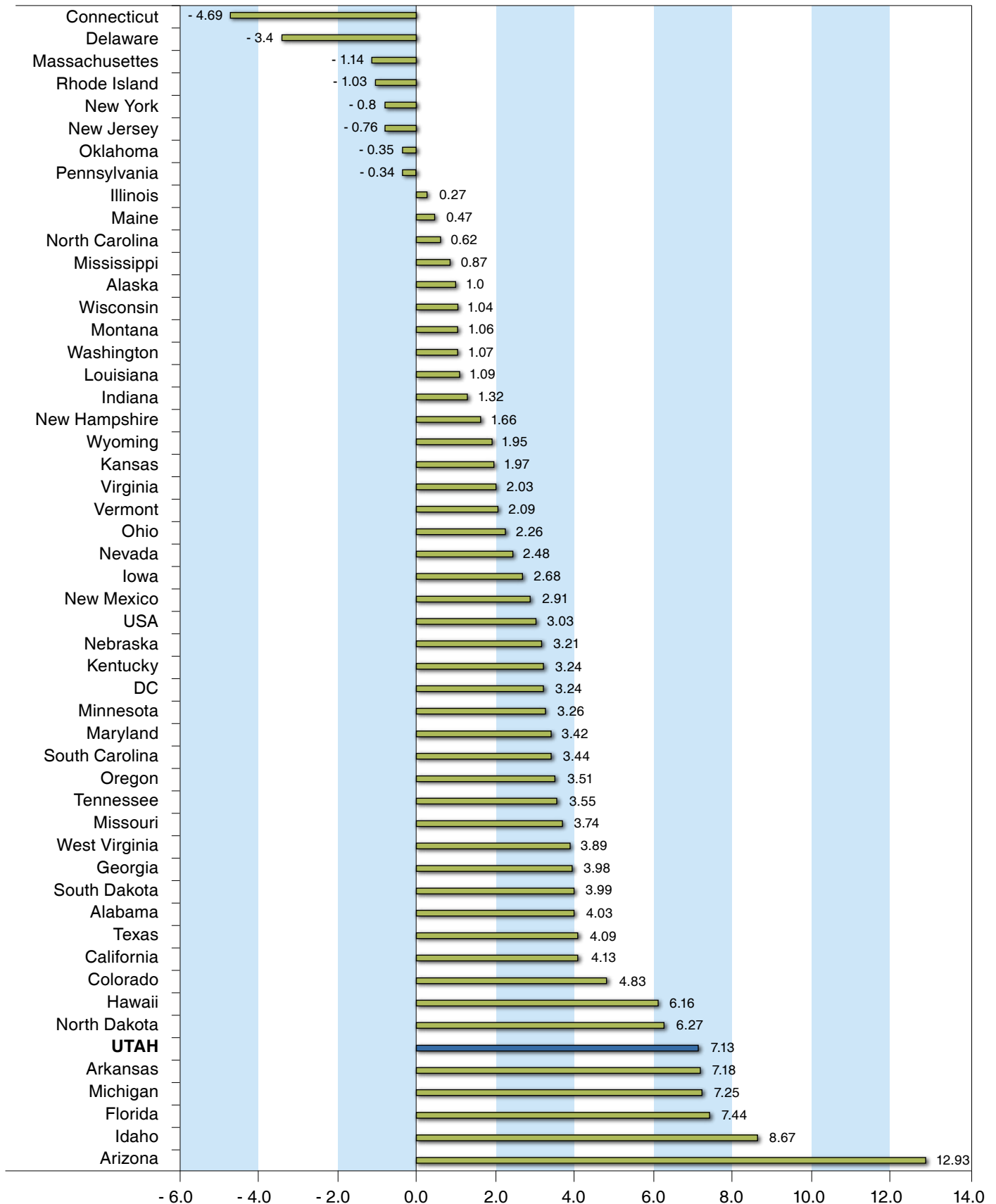
Home Sales and Prices

Homes sales continue to improve. Real estates sales are up nearly 7 percent in the Wasatch Front Counties, *Table 4*. Surprisingly Utah County sales are down 1.8 percent. The median sales price for homes in all four counties is higher, indicating that housing prices probably bottomed in the first quarter of 2012. The spring market has been stronger than expected. The median sales price in Davis County is up 6.5 percent, the highest of the four Wasatch Front Counties, *Table 5*.

The performance of housing prices in Utah has been similar to some other high-growth states; severe declines of 25 percent or more between 2008 and 2011 followed by solid price increase in the past year. The Federal Housing Finance Agency (FHFA) index shows a 7.1 percent increase for Utah over the past year, *Figure 2*. Arizona leads all states with a 13 percent increase and Florida ranks third with a 7.5 percent increase. For the US the price index increased 3.03 percent, less than half the rate for Utah.

The FHFA index also shows that over the long-term (1991-2012) housing price gains in Utah have been impressive. In only three states—Montana, Wyoming and Colorado—have housing prices increased faster than prices in Utah. According to the FHFA index, a \$100,000 house in Utah in 1991 would sell for \$254,000 in 2012. Using the average for all states that \$100,000 in 1991 would sell for \$185,000 in 2012, a 37 percent premium for the Utah homeowner.

Figure 2 Changes in Housing Price Index by State (Third Quarter 2011 - Third Quarter 2012)



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