

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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A FEW NOTES ON THE UTAH ECONOMY

City Creek's Clout Clothing sales are leading the retail recovery. Overall retail sales are up about 7 percent but clothing sales, which includes clothing, jewelry, luggage, leather and shoe stores, were up 20 percent statewide, 33 percent in Salt Lake County and 89 percent in Salt Lake City, *Table 1*. Clothing sales in the third quarter in Salt Lake City were up more than \$40 million. This remarkable gain is a combination of the strength of retail clothing and City Creek Center, which opened in March 2013. Clothing stores dominate City Creek Center and these stores have attracted shoppers from throughout the Wasatch Front. City Creek has likely pulled significant clothing sales, at least temporarily, from Utah County, where both Orem and Provo had only modest increases and also to the north where Layton registered only a 3 percent gain in clothing sales, *Table 2*.

Table 1 Retail Clothing Sales in Utah (million)

	Third Qtr 2011	Third Qtr 2012	Percent Change
Clothing	\$284.78	\$341.79	20.06%
Jewelry, Luggage and Leather	\$20.55	\$23.20	12.85%
Shoes	\$34.28	\$42.58	24.21%
Total	\$339.52	\$407.57	20.04%

Source: Utah State Tax Commission

High-Priced Home Sales Struggle

The market for high-priced homes has been cut nearly in half while sales of low-priced homes have more than doubled. Only 4 percent of all home sales in the Wasatch Front Counties in 2012 were priced above \$500,000; a tough market for high-end sellers. Meanwhile, the number of homes that sold for less than \$150,000 increased from 2,775 homes to 5,725.

Low-priced homes captured a 26 percent share of the home sales in 2012, *Table 3, Figure 1 & 2*.

Urban Counties Prosper

In the second quarter the number of jobs in Utah increased by 41,000. Eighty percent of this job increase was concentrated in three counties: Salt Lake, Utah and Washington. Salt Lake County reported an increase of 22,000, a healthy 3.7 percent gain and Utah County was up a very strong 5 percent. Washington County is recovering nicely with a 4.8 percent increase. The growth in Duchesne County's oil based economy has been spectacular with employment increasing by 14 percent, however, much of rural Utah is still

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Table 2 City Ranked by Clothing Sales Third Quarter 2012 (million)

City	2012 3rd Qtr Sales	Percent Change
Salt Lake City	\$89.17	89.6%
Murray	\$45.21	9.7%
Orem	\$29.41	-10.0%
Sandy	\$24.61	8.0%
St. George	\$18.57	12.4%
Layton	\$15.76	3.4%
West Jordan	\$14.37	28.4%
South Jordan	\$12.47	3.5%
Logan	\$11.36	13.4%
Provo	\$11.18	5.9%
West Valley City	\$10.98	16.5%
Riverdale	\$10.31	18.4%
Ogden	\$9.53	2.6%
American Fork	\$7.36	13.5%
Draper	\$7.06	1.9%

Source: Utah State Tax Commission

suffering from job losses, *Map 1*. A recovery generally lags in small rural areas. Fortunately, the 12 most rural counties with job losses account for only 5 percent of all jobs in the state. But there are two non-rural exceptions: Tooele and Box Elder Counties, both experienced declines in employment. Tooele's losses are a result of the winding down of chemical weapons disposal at the Defense Depot whereas Box Elder's job weakness is due primarily to lay-offs at ATK, a large aerospace and defense contractor.

State Tax Revenues Rebound

To date tax revenues are up nearly 11 percent. A sure sign of a stronger economy is the solid showing by income taxes revenues; up nearly 14 percent. Corporate tax revenues are also up sharply, an increase of \$50 million—56 percent higher than 2011. For the current fiscal year revenues for the general and education fund are almost \$300 million ahead of last year. Very few states have the good fortune of double-digit tax revenue growth, *Table 4*.

Table 3 Home Sales in Wasatch Front Counties by Price Category

Price Category	2007	2012
Less than \$150,000	2,774	5,725
\$150,000 - \$250,000	10,285	9,252
\$250,000 - \$350,000	5,575	4,024
\$350,000 - \$500,000	2,750	1,837
\$500,000+	1,594	867
Total	22,978	21,705

Source: Wasatch Front Regional MLS

Figure 1 Share of Home Sales by Price in Wasatch Front Counties 2007 (single-family homes)

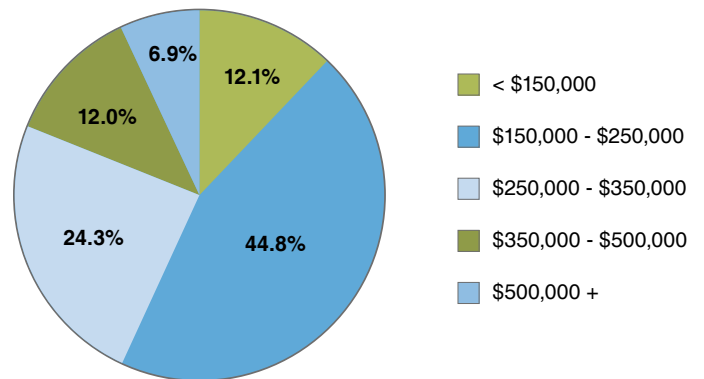
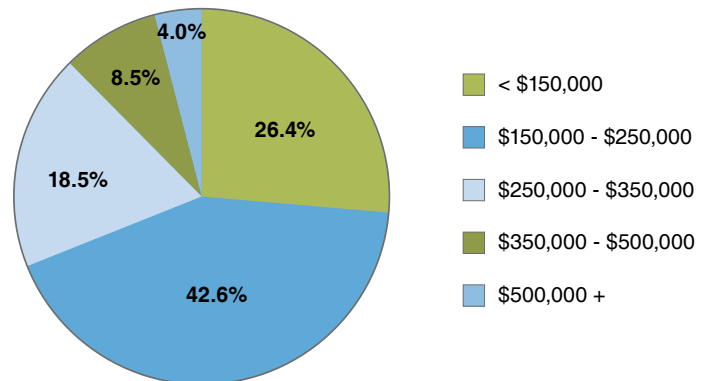
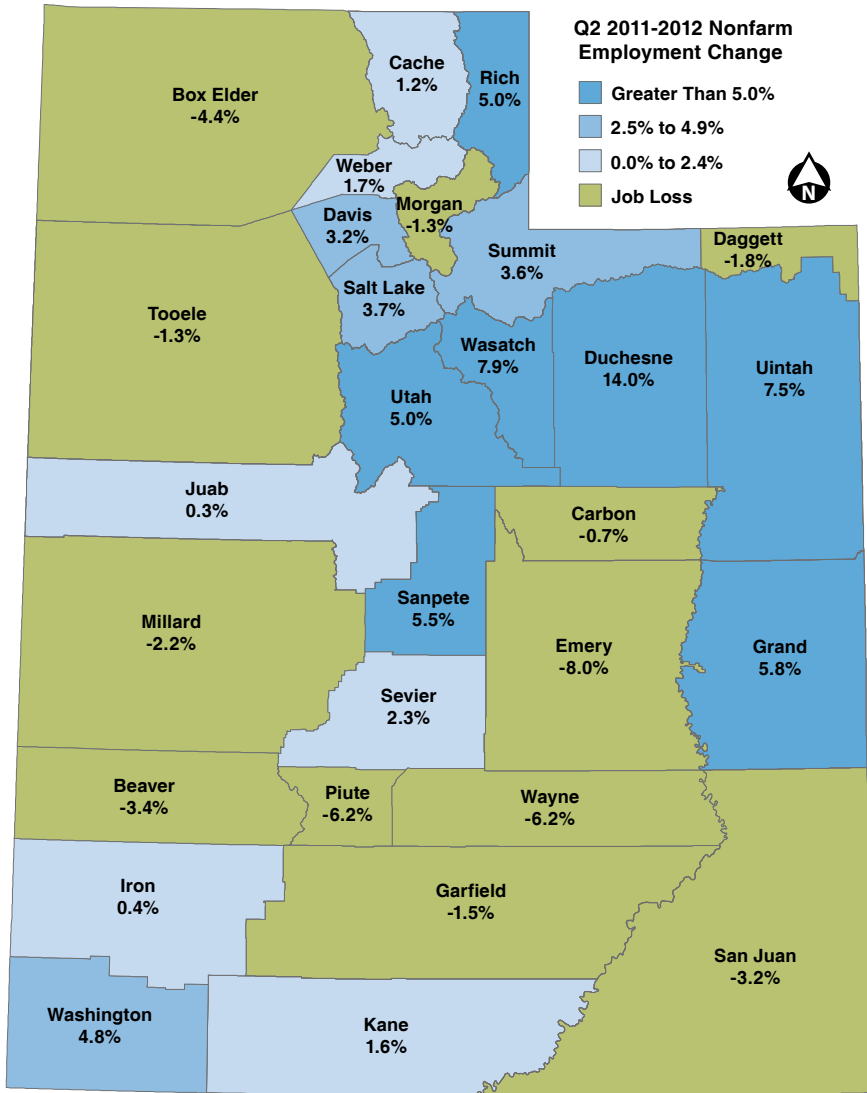


Figure 2 Share of Home Sales by Price in Wasatch Front Counties 2012 (single-family homes)



Map 1 Percent Change in Nonfarm Employment by County (2nd Quarter 2011-2012)



Source: Utah Department of Workforce Services, Utah Economic Data Viewer, QCEW program
 Map by John Downen, BEBR | February 2013

Table 4 State Tax Revenues (Seven Months FY 2012-2013)

	2012 2/7/2012 (million)	2013 2/7/2013 (million)	Percent Change
Sales and Use Taxes	\$946.70	\$999.20	5.6%
Individual Income Tax	\$1,363.70	\$1,550.50	13.7%
Corporate Tax	\$90.70	\$141.90	56.5%
Other Taxes	\$164.70	\$149.70	-9.1%
Total	\$2,565.60	\$2,841.30	10.7%

Source: Utah State Tax Commission