

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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MIDYEAR FORECAST FOR 2013

The most recent forecast for the Utah economy was completed in May 2013 by the Utah Revenue Assumptions Working Group, *Tables 1-2*. This forecast is used by the Governor's Office and Management and Budget Office to develop the Governor's budget recommendations. Only two major indicators are expected to decline in 2013; exports and the value of nonresidential construction. The most important indicator, employment, is forecast to grow by 42,400 jobs in 2013 and increase by another 46,400 jobs in 2014. Other notable features of the recent forecast are:

- Net in-migration will double, driven by the expansion of job opportunities.
- New auto/truck sales will increase for the fifth consecutive year in 2013 and increase again in 2014 to 108,600 vehicles, still below the peak of 115,000 vehicles in 2007.
- Permit authorized nonresidential construction will drop slightly to one billion dollars. The recovery for this sector will get underway in 2014. The historic average value in inflation adjusted dollars is \$1.5 billion for permit authorized nonresidential construction.
- The decline in export valuation is due to the drop in gold prices. Non-gold exports are expected to remain strong.
- Solid growth in retail sales of around 5 percent in 2013 and 2014, but this level is still about 15 percent below the all-time high of \$29 billion (inflation adjusted) in 2007.

Table 1 Forecast of Major Economic Indicators for Utah (May 2013)

	2012	2013	2014
Nonagricultural Employment (000)	1,249.0	1,291.4	1,337.8
Unemployment Rate	5.7%	4.5%	4.0%
Total Wages (billion)	\$50.7	\$53.8	\$57.4
Average Annual Wage	\$40,651	\$41,679	\$42,929
Total Personal Income (billion)	\$9837	\$102.8	\$109.3
Utah Exports (billion)	\$18.9	\$18.4	\$17.7
Net Migration (000)	5.0	10.4	14.9
New Auto / Truck Sales (000 vehicles)	96.8	103.1	108.6
Residential Units (000)	13.5	15.0	18.5
Residential Valuation (billion)	\$2.6	\$3.1	\$4.0
Nonresidential Valuation (billion)	\$1,050.0	\$1,000.0	\$1,300.0
Taxable Retail Sales (billion)	\$23.8	\$25.0	\$26.3

Source: Revenue Assumption Working Group

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- Residential construction activity shows 11 percent growth, a deceleration from 2012 due primarily to weakness in multifamily construction. New condominium construction is down significantly in 2013.

As the recovery in residential construction continues, combined with transportation spending—the 2013 legislature surprisingly authorized \$250 million in transportation bonds to be issued in July—construction employment is forecast to increase by 7.7 percent, an increase of 5,300 jobs in 2013. The construction sector is expected to be the top ranked sector, by a considerable margin, in percentage gain in 2013. Professional and business services will rank second in percent increase as well as second in numeric increase. The transportation, trade and utilities will have the largest numeric increase of any sector with 9,300 new jobs. Retail and wholesale trade account for 80 percent of the employment in this sector, *Table 3*.

Many of Utah's rural counties are still experiencing slow growth, shown in blue in *Map 1*. Year-over job change in Rich, Carbon, Garfield and San Juan Counties were negative in April 2013. Tooele, a non-rural county, was the only other county with negative job growth. Remarkably there are six counties with year-over employment growth above five percent. Two major counties, Utah and Washington, had job growth of 5.3 and 5.1 percent respectively. Salt Lake County also had strong growth of 4.1 percent, an increase of nearly 25,000 jobs. Utah County ranked second in numeric job growth with 10,100 new jobs. In the past year these two counties, which account for 64 percent of all jobs in the state, have captured nearly 80 percent of the job growth statewide, *Table 4*.

Table 2 Percent Change in Major Economic Indicators

	2013	2014
Nonagricultural Employment	3.4%	3.6%
Total Wages (billion)	6.0%	6.7%
Average Annual Wage	2.5%	3.0%
Total Personal Income (billion)	4.1%	6.3%
Utah Exports (billion)	-3.0%	-3.7%
Net Migration (000)	108.0%	43.3%
New Auto / Truck Sales (000 vehicles)	6.5%	5.3%
Residential Units (000)	11.5%	23.3%
Residential Valuation (billion)	21.0%	28.1%
Nonresidential Valuation (million)	-5.9%	30.0%
Taxable Retail Sales (billion)	4.8%	5.0%

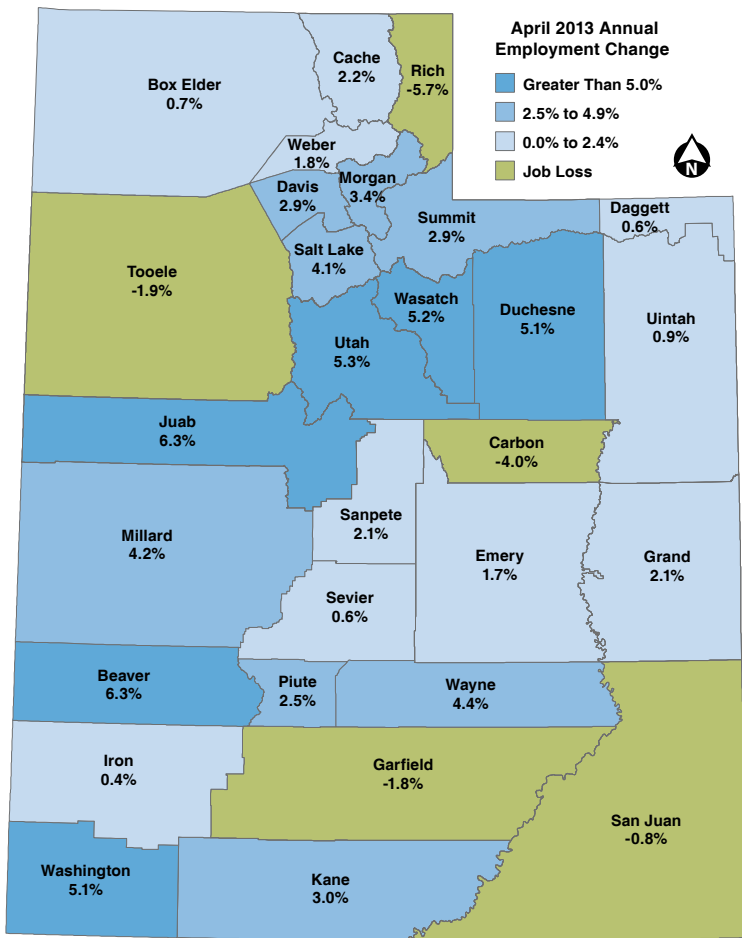
Source: Revenue Assumption Working Group.

Table 3 Employment Sectors Ranked by Percent Change Forecast

	2012	2013	Numeric Change	Percent Change
Construction	69,256	74,600	5,344	7.7%
Professional and Business Services	167,172	175,400	8,228	4.9%
Information	31,297	32,700	1,403	4.5%
Mining	12,558	13,100	542	4.3%
Trade, Trans. Utilities	241,968	251,300	9,332	3.9%
Financial Activity	69,542	72,000	2,458	3.5%
Education and Health Services	163,597	168,600	5,003	3.1%
Leisure and Hospitality	118,614	122,200	3,586	3.0%
Other Services	35,018	36,050	1,032	2.9%
Manufacturing	116,671	120,000	3,329	2.9%
Government	223,263	225,400	2,137	1.0%
Total	1,248,956	1,291,350	42,394	3.4%

Source: Utah Department of Workforce Services.

Map 1 Percent Change in Employment by County
(April 2012 - April 2013)



Map by John Downen, BEBR | May 2013
Source: Utah Department of Workforce Services, Workforce Research and Analysis

Table 4 Numeric Change in Employment by County

	April 2012	April 2013	Numeric Change
Salt Lake	598,483	622,903	24,420
Utah	190,333	200,443	10,110
Davis	106,863	109,978	3,115
Washington	48,520	51,018	2,498
Weber	91,783	93,428	1,645
Cache	51,213	52,362	1,149
Summit	23,075	23,752	677
Duchesne	8,880	9,330	450
Wasatch	6,097	6,414	317
Juab	3,022	3,211	189
Millard	3,892	4,054	162
Sanpete	7,300	7,450	150
Uintah	15,019	15,160	141
Beaver	2,027	2,155	128
Box Elder	16,288	16,404	116
Grand	5,151	5,261	110
Kane	2,977	3,067	90
Iron	15,371	15,440	69
Morgan	1,741	1,801	60
Emery	3,361	3,417	56
Sevier	7,897	7,944	47
Wayne	917	958	41
Piute	248	254	6
Daggett	385	387	2
Rich	526	496	-30
San Juan	4,180	4,145	-35
Garfield	2,325	2,282	-43
Tooele	15,906	15,608	-298
Carbon	9,295	8,925	-370

Source: Utah Department of Workforce Services.