

# 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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## MISCELLANEOUS NOTES ON THE UTAH ECONOMY

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### Foreclosure (REO) Sales Plummet

One of the most important developments in the last few months for Utah's real estate and home building industries is the sharp drop in foreclosure sales, otherwise known as REO sales ("real estate owned" by financial institution). The number of REO sales have dropped by 65 percent in the Wasatch Front Counties, *Table 1*. In the second quarter of 2012 REO sales totaled 668 homes compared to only 236 homes in the second quarter of 2013. In 2012 REO sales amounted to 11.2 percent of all single-family homes sold in the Wasatch Front Counties. That share has fallen to 3.3 percent in 2013, *Table 2*. The reduced share of distressed homes on the market is one reason housing prices have risen so rapidly and for the home-builder the removal of discounted REO homes from the market make new homes much more price competitive. Builders simply could not compete with the discounted prices on foreclosed homes.



**Table 1** REO Sales by Wasatch Front County (Single-family Homes)

County	2nd Qtr. 2012	2nd Qtr. 2013	Percent Change
Davis	92	31	-66.3%
Salt Lake	329	106	-67.8%
Utah Co.	152	54	-64.5%
Weber	95	45	-52.6%
Total	668	236	-64.7%

Source: Wasatch Front Regional Multiple Listing Service.

**Table 2** REO Sales as Percent of Total Real Estate Sales (Single-family Homes)

County	2nd Qtr. 2012	2nd Qtr. 2013
Davis	10.3%	2.6%
Salt Lake	10.8%	3.0%
Utah Co.	11.9%	3.6%
Weber	13.0%	5.3%
Total	11.2%	3.3%

Source: Wasatch Front Regional Multiple Listing Service

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info@comre.com • 801-322-2000



**Tax Revenues Up 10 percent**

Some of the best evidence of the strength of Utah's job recovery is state tax revenue receipts, particularly individual income tax recipients. In the fiscal year just ended June 31, 2013, individual income tax revenues were up 16 percent, an increase of almost \$400 million, *Table 3*. Surprisingly, at first blush, sales taxes revenues were up only 2.9 percent. But the subdued increase in sales tax revenue is due to a transportation earmark passed by the 2011 Utah State Legislature that transfers 30 percent of the growth in sales tax revenue to the transportation fund. This earmark distributed \$75 million in sales tax revenue in FY2013 to the transportation fund. Without the earmark an "apples to apples" comparison of sales tax revenue would show a 7.7 percent increase in sales and use taxes in 2013.

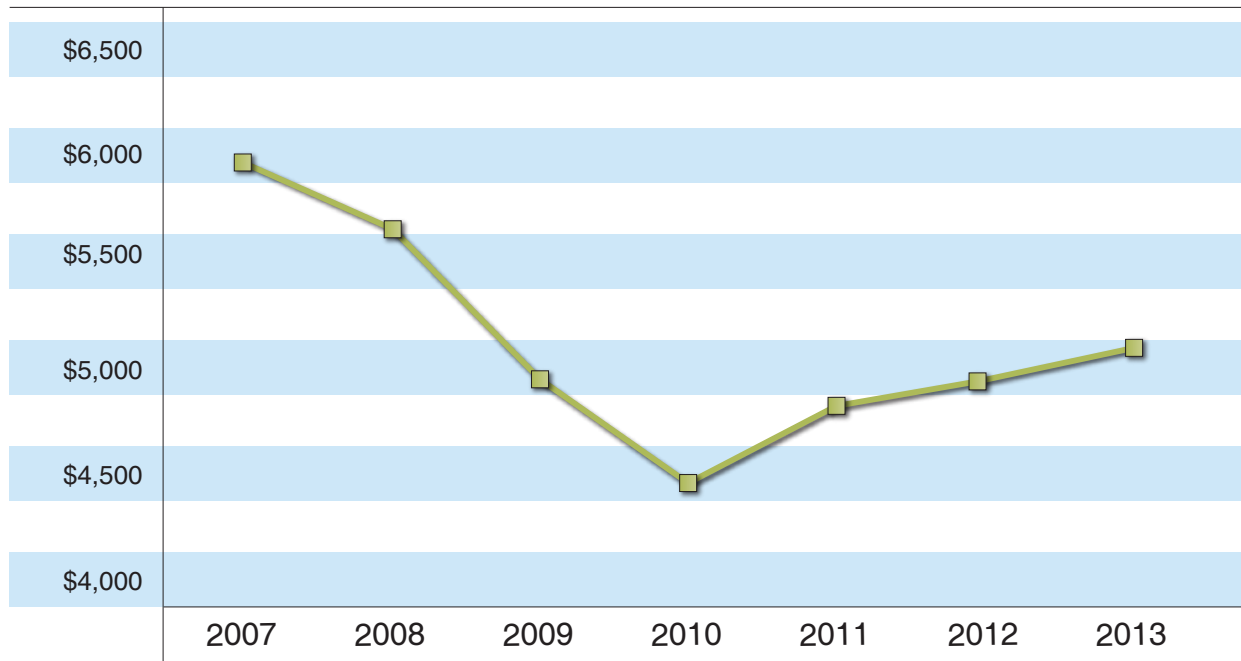
Overall general fund and education fund revenues were up 10.7 percent or \$492 million to \$5.1 billion. FY2013 is the third year of recovery in tax revenues, however in inflation adjusted dollars, state tax revenues are still 14 percent below the peak revenue year of six billion dollars in 2007, *Figure 1*.

**Table 3 Utah General Fund and Education Fund Tax Revenues (millions)**

	FY 2012	FY 2103	% Chg
Sales and Use Taxes	\$1,581.9	\$1,627.5*	2.9%
Individual Income Tax	\$2,456.0	\$2,849.4	16.0%
Corporate Tax	\$273.8	\$342.0	24.9%
Beer, Cigarette & Tobacco Taxes	\$125.2	\$122.5	-2.1%
Insurance Premium Taxes	\$85.5	\$90.8	6.3%
Severance Taxes	\$93.5	\$75.6	-19.1%
<b>Total</b>	<b>\$4,615.8</b>	<b>\$5,107.9</b>	<b>10.7%</b>

\*Reflects loss of \$75 million in 2013 to transportation earmark. Source: Source: Wasatch Front Regional MLS

**Figure 1 General and Education Fund Revenues (Constant 2012 Dollars - Million)**



### Exceptional Job Recovery in Davis and Utah Counties

The number of jobs statewide has nearly recovered to the pre-recession level of 2007. The average number of jobs in the state in 2012 was 1,248,892; only two-tenths of one percent below the 2007 level. The recovery was initially projected to take five years but was achieved a year sooner than expected. However, the job recovery has been uneven. Eighteen counties have yet to recover to pre-recession levels. Most notable are: Washington County, which has nearly 4,600 fewer jobs in 2012 than 2007, Weber County is down over 4,300 jobs and Iron County is still down 1,850 jobs, *Table 4*.

Of the counties that have outperformed the statewide average, Duchesne County is the leader in terms of percentage gain. The number of jobs in Duchesne County is nearly 23 percent higher in 2012 than 2007. Duchesne's growth, of course, is due to the energy boom in Utah's Uintah Basin.

Two of the state's major counties—Davis and Utah—have had stellar recoveries and have easily exceeded the job levels of 2007. The number of jobs in Davis is 4,455 higher than in 2007 and in Utah County jobs are up nearly 4,100 over 2007. In both counties the same three employment sectors have led the recovery: healthcare, local government and professional and scientific services. The gains in these sectors more than offset the huge losses in their respective construction sectors; a construction job loss of 3,000 in Davis County and a 5,500 in Utah County.

Utah's economic recovery is well underway. The steep decline in foreclosures, increasing state tax revenue and strong job recovery in most major counties are and will be three key conditions supporting the state's economic expansion throughout 2013 and 2014.

**Table 4** Change in Employment by County

	2007	2012	Percent Change	Numeric Change
Duchesne	7,378	9,046	22.6%	1,668
Uintah	14,262	14,940	4.8%	678
Davis	103,575	108,030	4.3%	4,455
Grand	4,657	4,822	3.5%	165
Summit	21,900	22,668	3.5%	768
Cache	49,936	51,182	2.5%	1,246
Utah	186,053	190,130	2.2%	4,077
Tooele	15,504	15,822	2.1%	318
Beaver	2,053	2,094	2.0%	41
Salt Lake	601,227	603,934	0.5%	2,707
Statewide	1,251,417	1,248,892	-0.2%	-2,525
Sevier	8,056	8,026	-0.4%	-30
Carbon	9,247	9,126	-1.3%	-121
Garfield	2,339	2,289	-2.1%	-50
Millard	3,987	3,896	-2.3%	-91
San Juan	4,245	4,077	-4.0%	-168
Weber	96,145	91,783	-4.5%	-4,362
Sanpete	7,517	7,172	-4.6%	-345
Kane	3,191	3,010	-5.7%	-181
Washington	53,513	48,929	-8.6%	-4,584
Iron	16,994	15,144	-10.9%	-1,850
Wasatch	7,103	6,273	-11.7%	-830
Morgan	1,983	1,747	-11.9%	-236
Emery	3,906	3,366	-13.8%	-540
Juab	3,663	3,085	-15.8%	-578
Wayne	1,075	891	-17.1%	-184
Daggett	486	401	-17.5%	-85
Rich	752	611	-18.8%	-141
Piute	356	247	-30.6%	-109

Source: Utah Department of Workforce Services.



170 South Main Street, Suite 1600  
Salt Lake City, Utah 84101

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**Michael M. Lawson**

*PRESIDENT AND CEO OF COMMERCE REAL ESTATE SOLUTIONS*

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170 South Main Street, Suite 1600  
Salt Lake City, Utah 84101  
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