



## UTAH'S ECONOMIC INDICATORS AT MID-YEAR 2009

The most recent forecast for the Utah economy shows a bottom established in 2009 with some signs of growth by 2010, *Table 1*.<sup>1</sup> However, in terms of economic performance, 2009 will be the single worst year in Utah's post World War II economic history. All of the major indicators are expected to experience significant declines. Retail sales, nonresidential construction, wages and employment will all be down by record levels. Most troublesome is the increased weakness of Utah's job market. For the year, nonagricultural employment in Utah is projected to decline by 4.4 percent, a loss of 55,700 jobs. Further losses are expected in 2010 with a 1.3 percent decline. From 2008 to 2010 Utah

is projected to lose 70,000 jobs. This level of job loss is unprecedented, *Figure 1*.

Initial claims for unemployment have softened in the past few months leading the senior economist at Utah's Department of Workforce Services to predict that the summer months of 2009 will be the bottom for the job market. In June and July the year-over declines are expected to be 5.2 percent but moving into the fall and winter the declines will moderate and by December employment will be down "only" 3.6 percent, *Table 2*.

A closer look at three important industries in Utah—tourism, manufacturing, and transportation and warehousing—shows mixed impacts from the recession.

**Table 1**  
**Forecast of Utah's Major Economic Indicators**

	2008	Forecast 2009	Forecast 2010	Percent Change	
				2008-2009	2009-2010
Nonagricultural Employment (000)	1,252.9	1,197.2	1,181.7	-4.4%	-1.3%
Unemployment Rate	3.7%	5.8%	6.4%	na	na
Total Wages (billion)	\$46.9	\$45.3	\$45.5	-3.4%	0.4%
Population (000)	2,758	2,806	2,855	1.7%	1.7%
Net Migration (000)	16.6	6.0	6.0	-63.9%	0.0%
New Auto/Truck Sales (000)	90.8	59.1	71.0	-34.9%	20.1%
Residential Units (000)	10.6	8.5	9.0	-19.8%	5.9%
Residential Valuation (million)	\$1,876.2	\$1,450.0	\$1,550.0	-22.7%	6.9%
Nonresidential Valuation (million)	\$1,915.5	\$1,400.0	\$1,100.0	-26.9%	-21.4%
Taxable Retail Sales (billion)	\$26.2	\$24.3	\$24.9	-7.3%	2.5%

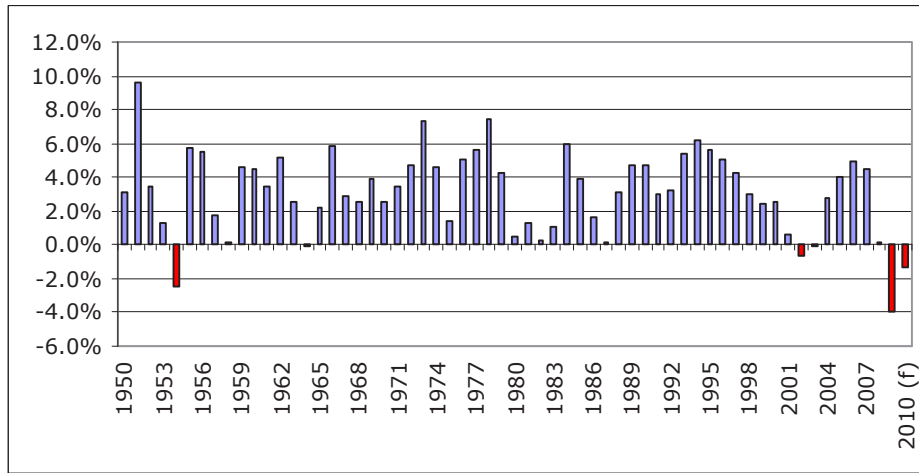
Source: Governor's Office of Planning and Budget

<sup>1</sup>The forecast is developed by the Governor's Office of Planning and Budget and Legislative Fiscal Analyst Office from consensus forecasts from the Revenue Assumption Committee.

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**Figure 1**  
**Annual Percent Change in Employment in Utah**



Source: Utah Department of Workforce Services.

**Table 2**  
**Projected 2009 Year-over Percent Change in Utah's Nonagricultural Employment**

	Year-over Change
January	-3.0%
February	-3.7%
March	-4.1%
April	-4.5%
May	-4.9%
June	-5.2%
July	-5.2%
August	-5.0%
September	-4.8%
October	-4.6%
November	-4.0%
December	-3.6%
Annual	-4.4%

Source: Utah Department of Workforce Services.

**Table 3**  
**Tourism Data for Utah**

	Passengers at Salt Lake International Airport	Visitors to National Parks	Skier Days	Utah Hotel & Motel Occupancy Rate
2000	19,944,556	5,527,478	3,278,291	60.9%
2001	18,914,500	4,750,229	2,984,574	59.9%
2002	18,652,758	5,202,890	3,141,212	62.1%
2003	18,466,756	5,042,756	3,429,141	58.8%
2004	18,352,495	5,318,157	3,895,578	60.8%
2005	22,237,936	5,329,931	4,062,188	65.0%
2006	21,557,646	5,165,498	4,082,094	68.3%
2007	21,832,375	5,331,937	4,249,190	68.4%
2008	20,696,749	5,670,851	3,972,984	64.5%

Source: Salt Lake International Airport, National Parks Service, Ski Utah and Rocky Mountain Lodging.

To date, the tourism sector has held up reasonably well. Passenger traffic at the Salt Lake International Airport is down about five percent in 2008, but still well above the 20 million mark. Visits to Utah National Parks set a record in 2008 of 5.67 million, while skier days for the 2008-2009 season were just

shy of 4 million. This past season was the fourth best ever for Utah's ski industry. Although hotel/motel occupancy slipped from 68 percent in 2007 to 64.5 percent in 2008 this rate is still above than the 58-60 percent occupancy rate during the last recession, *Table 3.*

Manufacturing is one of the most important sectors in the Utah economy. It accounts for about 10 percent of all jobs in Utah, and 12 percent of earnings. Manufacturing, with \$8 billion in earnings, is 30-40 percent larger than the construction, health care or retail sectors. In fact only the broad professional and business service sector generates more earnings than manufacturing. Manufacturing is also extremely cyclical suffering severe job losses during recessions, *Figure 2*.

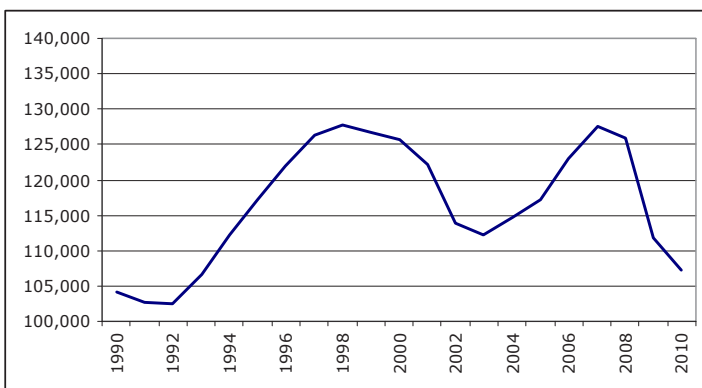
In the 2001-2003 recession manufacturing employment in Utah dropped by 10 percent, and the predictions for this recession are for a 16 percent job loss. Employment is projected to fall from 127,700 in 2007 to 107,500 in 2010. The loss of 20,000 manufacturing jobs and over \$1 billion in earnings will be a heavy blow to the Utah economy.

Geographically, Utah is well suited for the transportation and warehousing industry. The industry has experienced steady growth over the

past twenty years interrupted by downturns of less than 10 percent during recessions, *Figure 3*. The industry does not have quite the cyclical nature of the manufacturing sector. In 2008, the transportation and warehousing industry reached a record high of 46,800 jobs, but through the first five months of 2009 employment is down about three percent. The jobs lost are evenly distributed across the three principal subsectors; air transportation, truck transportation and warehousing. Each subsector has lost about 500 jobs. Relatively, air transportation has been the hardest hit. This subsector has about 7,000 jobs while the truck transportation and warehousing subsectors each have about 20,000 jobs. The transportation and warehousing industry will probably lose 3,000-4,000 jobs over the next two years, a 7-10 percent decline.

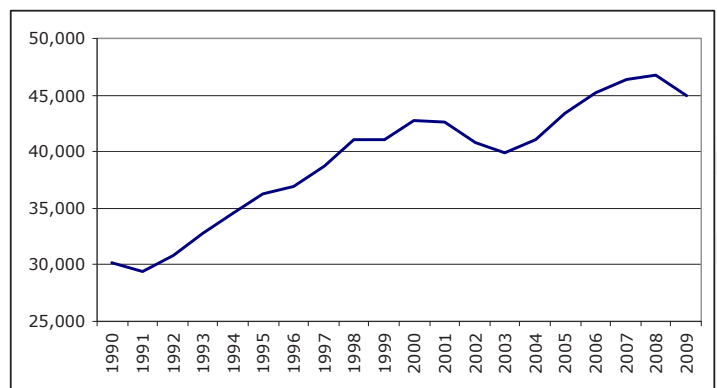
It will likely be 18 to 24 months before the Utah economy experiences economic growth across most sectors. In the meantime, 2009 will be a difficult year with 2010 a year of mixed results. Broad based growth will depend on an expanding U.S. economy, a precondition for economic growth at the regional and state level.

**Figure 2**  
Manufacturing Employment in Utah



Source: Utah Department of Workforce Services.

**Figure 3**  
Transportation and Warehousing Employment in Utah



Source: Utah Department of Workforce Services.