

UTAH'S LONG-TERM GROWTH

As Keynes famously said, “in the long run we are all dead,” nevertheless every so often it is helpful to look at long-term economic and demographic trends. Most of the press and pundit discussion of economic conditions focus narrowly on changes in daily, weekly and monthly economic indicators. But, it is long-term trends that reveal the underlying strength and weakness of an economy.

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Utah's long run economic performance has been stellar. No other state has consistently ranked among the top five in the rate of employment growth over the past 60 years, *Table 1*. Whatever starting year one chooses Utah will rank among the top five states in employment growth. Take the 1950 to 2009 period. Over those 60 years nonfarm employment in Utah increased by 534 percent, ranking the state fifth among all states. The average annual growth rate over this period was 3.2 percent for Utah compared to 5.3 percent for Nevada, the fastest growing state, and 4.7 percent for Arizona. The phenomenal growth of Nevada and Arizona began with the postwar emergence of defense contracting, gambling and air conditioning. In 1950 Nevada's nonfarm labor force totaled only 53,000 compared to 187,000 in Utah and 160,000 in Arizona.

Utah ranks third in relative job growth from 1980 to 2009 with Nevada and Arizona maintaining their positions at one and two. Utah maintained its high rate of growth while undergoing a structural transformation during the 1980s as the state moved away from mining, defense, aerospace and steel manufacturing to a more service oriented economy.

Table 1
Top Five Ranked States in Percent Change in Nonfarm Employment

States	% Change 1950-2009	States	% Change 1980-2009	States	% Change 2000-2009
Nevada	2,026%	Nevada	181%	Wyoming	19.7%
Arizona	1,417%	Arizona	139%	Alaska	13.4%
Florida	955%	Utah	116%	North Dakota	11.6%
Colorado	551%	Florida	103%	Utah	10.9%
Utah	534%	Alaska	91%	Montana	9.7%

Source: U.S. Bureau of Labor Statistics.

In the 2000 to 2009 period, employment growth nationally had slowed considerably and for some states the decade had been disastrous. Twenty-six states have fewer nonfarm jobs in 2009 than in 2000. Michigan has suffered an 18 percent decline in its nonfarm employment. Utah has managed a 10.9 percent increase in employment from 2000 to 2009 and ranks fourth over the period.

Why has Utah achieved such high rates of employment growth? First, labor market conditions in Utah are favorable for firm expansion and location. Utah's labor costs, labor quality and labor supply combine to nourish high rates of employment growth. Second, the state's transportation infrastructure is attractive for business development. The Delta Airlines hub has been one of the state's most important economic development assets. As has the state's overnight surface transportation to the west coast, giving an advantage over Denver and Phoenix. Third, a high quality of life and fourth, a favorable business climate give the state an advantage. Finally, fifth is Utah's unique demographics. Utah is the only high growth state that does not depend on high rates of net in-migration to achieve rapid rates of growth. During severe recessions, migration drops off sharply but Utah continues to grow at 2 percent, just from natural increase (births minus deaths).

Like employment growth, Utah also ranks in the top five in population growth. Since 2000, Utah

ranks third among all states in the rate of population growth. Again Nevada and Arizona are one and two followed by Utah then Georgia and Idaho, *Table 2*. Utah's population has increased by 24.7 percent since

Table 2
Top Five Ranked States in Population Growth (million)

	2000	2009	Percent Change
Nevada	2.00	2.64	32.0%
Arizona	5.13	6.50	28.7%
Utah	2.23	2.78	24.7%
Georgia	8.19	9.83	20.0%
Idaho	1.29	1.54	19.4%

Source: U.S. Census Bureau.

2000, an average annual growth rate of 2.5 percent. The U.S. Census Bureau has recently published estimates of population growth by city for 2008-2009. The most rapidly growing city in Utah in 2009 was West Haven with a 15.7 percent increase. South Jordan had the greatest numeric increase at 3,627, *Table 3*.

Through thick and thin Utah has consistently outperformed almost all other states in employment and demographic growth. Nevertheless, the last two years have shown that Utah is not immune to

severe short-term economic contractions, but the recovery has begun, Utah is now creating jobs— 12,200 over the past year—and will almost certainly be among the high growth states in 2011.

Table 3
Fastest Growing Cities (Pop. 5,000+) 2008-2009

	2008	2009	% Change	Numeric Change
West Haven	8,269	9,570	15.7%	1,301
Roosevelt	5,001	5,466	9.3%	465
South Jordan	51,004	54,631	7.1%	3,627
Salem	6,410	6,845	6.8%	435
Mapleton	7,929	8,440	6.4%	511
Vernal	8,660	9,216	6.4%	556
Lindon	10,444	11,072	6.0%	628
North Salt Lake	13,430	14,210	5.8%	780
American Fork	27,019	28,542	5.6%	1,523
Midvale	27,946	29,374	5.1%	1,428

Source: U.S. Census Bureau.