

UTAH'S Economy

A monthly report produced for COMMERCE REAL ESTATE SOLUTIONS by Jim Wood, Bureau of Economic and Business Research University of Utah

ISSUE 83 OCTOBER 2011

To receive this newsletter by e-mail,
please subscribe at
www.comre.com/subscribe

UTAH IN TOP TEN IN HOUSEHOLD INCOME

In 2010 Utah ranked tenth among all states in household income. The median household income for Utah, as reported by the U.S. Census Bureau, was \$56,787, 15 percent above the national median of \$49,445, [Table 1](#). New Hampshire ranks first in household income while Mississippi ranks last.

It's important to keep in mind that household income includes more than wages. Besides wages, household income also includes dividends, interest, rents, transfer payments (Social Security) and other non-wage income. While household income in Utah is above the national median, Utah's average wage

rate is below the national average. The average wage rate in Utah is \$38,828 compared to \$49,362 for the nation. Utah's average wage rate is only 79 percent of the national average.

Table 1 States Ranked by Median Household Income – 2010

Rank	State	Median Household Income
1	New Hampshire	\$66,707
2	Connecticut	\$66,452
3	Maryland	\$64,025
4	New Jersey	\$63,540
5	Massachusetts	\$61,333
6	Colorado	\$60,442
7	Virginia	\$60,363
8	Hawaii	\$58,507
9	Alaska	\$58,198
10	Utah	\$56,787
	U.S. Median	\$49,445

How do households in Utah achieve relatively high household income levels when wages are relatively low? Simply put, household members in Utah are more likely to be employed than in the typical state. More household members working, despite lower wages translates into higher household income.

In addition to relatively high income, the distribution of that income is quite unique in Utah. In percentage terms, Utah has fewer rich and poor households than any other state, as measured by the U.S. Census Bureau using the Gini Index, [Table 2](#). In summary, the distribution of income in Utah is more equal than in any other state. Most unequal are Washington D.C. followed by New York and Connecticut.

Source: Source: U.S. Census Bureau, Current Population Survey.

This report is commissioned by
Commerce Real Estate Solutions
info@comre.com • 801-322-2000



CUSHMAN & WAKEFIELD

COMMERCE
REAL ESTATE SOLUTIONS • COMRE.COM
INDEPENDENTLY OWNED AND OPERATED

Table 2 States Ranked by Income Inequality -2005-2009



Inequality Rank	State
1	Washington DC
2	New York
3	Connecticut
4	Louisiana
5	Mississippi
51	Utah

Source: U.S. Census Bureau, U.W. Neighborhood Income Inequality in the 2005-2009 Period.

Among the 52 metropolitan areas in the U.S. with over one million in population the Salt Lake metropolitan area has the lowest level of inequality. At the large city level, among the several hundred cities with more than 100,000 in population, West Valley City ranks fifth lowest in inequality and West Jordan City ranks tenth.

Utah's greater income equality is shown in the distribution of income by household. In Utah only 18.4 percent of all households have incomes below \$25,000, *Table 3*. Nationally that share of households is 24.7 percent. If Utah had the same income distribution as the U.S. the state would have 213,000 households with incomes below \$25,000 rather than 158,000; an increase of 55,000 households. In 2010

Table 3 Income Distribution in Utah - 2010

	Total Utah Households (000)	Utah	U.S.
>\$25,000	158	18.4%	24.7%
\$25,000 to \$50,000	227	26.3%	25.1%
\$50,000 to \$75,000	189	22.0%	18.3%
\$75,000 to \$100,000	121	14.1%	12.0%
\$100,000 to \$150,000	108	12.5%	11.7%
\$150,000 to \$200,000	32	3.8%	4.1%
\$200,000 and over	25	2.9%	3.9%
Total	863	100.0%	100.0%

Source: U.S. Census Bureau, 2009 American community Survey; B19001, "Household Income in the Past 12 Months".

there were 25,000 households in Utah with incomes above \$200,000, a 2.9 percent share of all households compared to 3.9 percent nationally.

Over time the growth in household income in Utah ranks in the top tier of states. Since 1984 real household income in Utah has increased at an average annual rate of 1.05 percent, which ranks seventh among all states. In inflation adjusted dollars, the median household income in Utah in 1984 was \$46,085, two percent higher than the national median of \$44,802. By 2010, Utah's median income increased to \$56,787 compared to \$49,445 at the national level. Over the past 26 years the gap in household income between Utah and the nation has widened from 3 percent to 15 percent, *Figure 1*.

While Utah does very well over the long-term (1984-2010) household income trends since 2000 are less favorable. Real household income in Utah is actually lower in 2010 than it was in 2000; \$60,204 in 2000 compared to \$56,787 in 2010. Over this 10 year period median household income has fallen at a rate of six-tenths of a percent annually. In the 2000-2010 period only 15 states recorded increases in median household income. Due to the slight decline in Utah's household income the state ranks 26th among all states in change in household income for the decade.

Recent job growth should reverse the decline in median household income in Utah. Over the past five months job growth in the state has been above 2.4 percent. Utah ranked fourth in the nation in rate of job growth in the third quarter of 2011. As the job market improves the number of people employed increases and household incomes rise. The job forecast for 2012 anticipates an increase of 30,000 jobs in Utah, which should push the median household income back near the \$60,000 level.

Figure 1 Household Income in Utah 1984-2010 (2010 Dollars)

