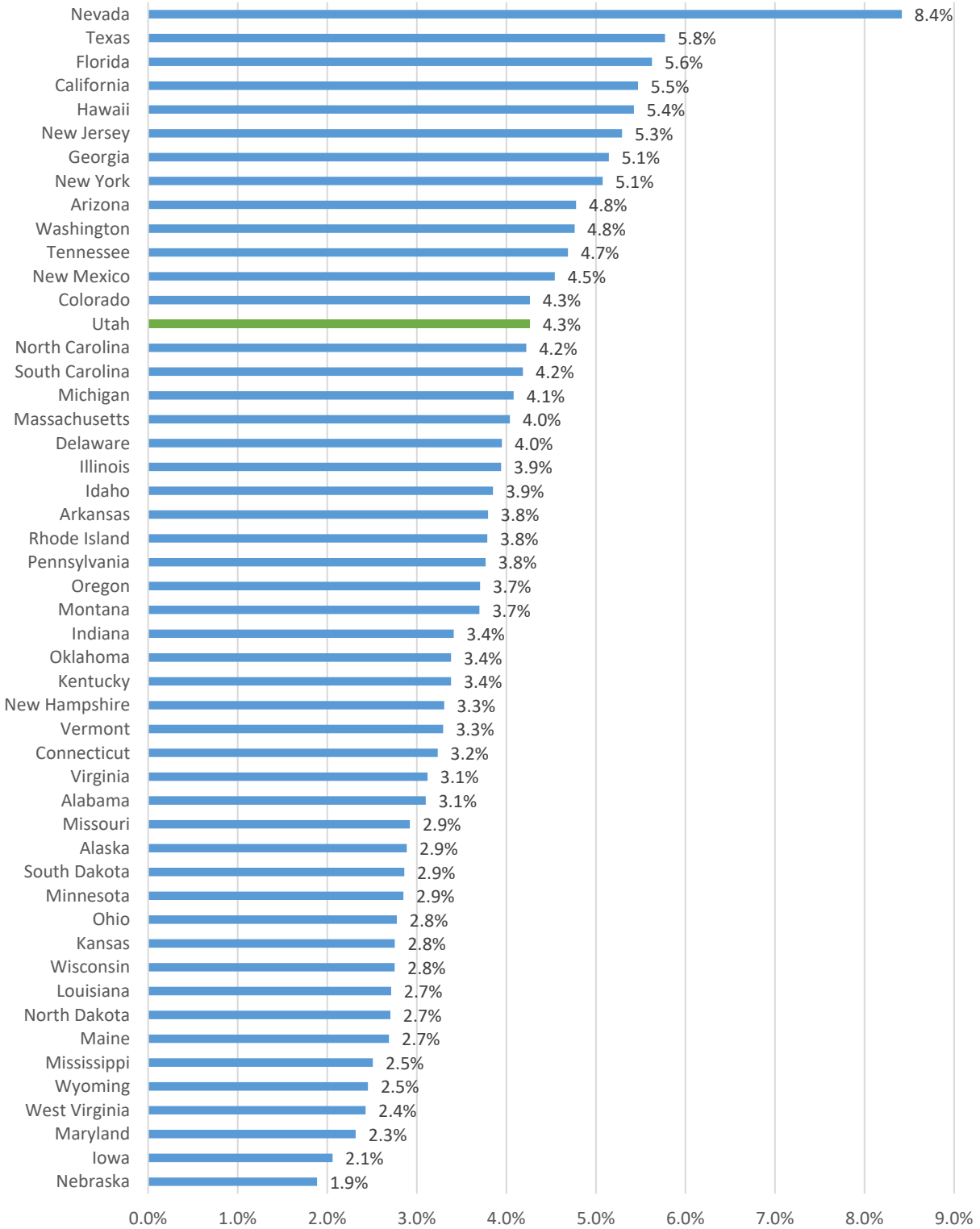


## **Utah's Economy — 2022**

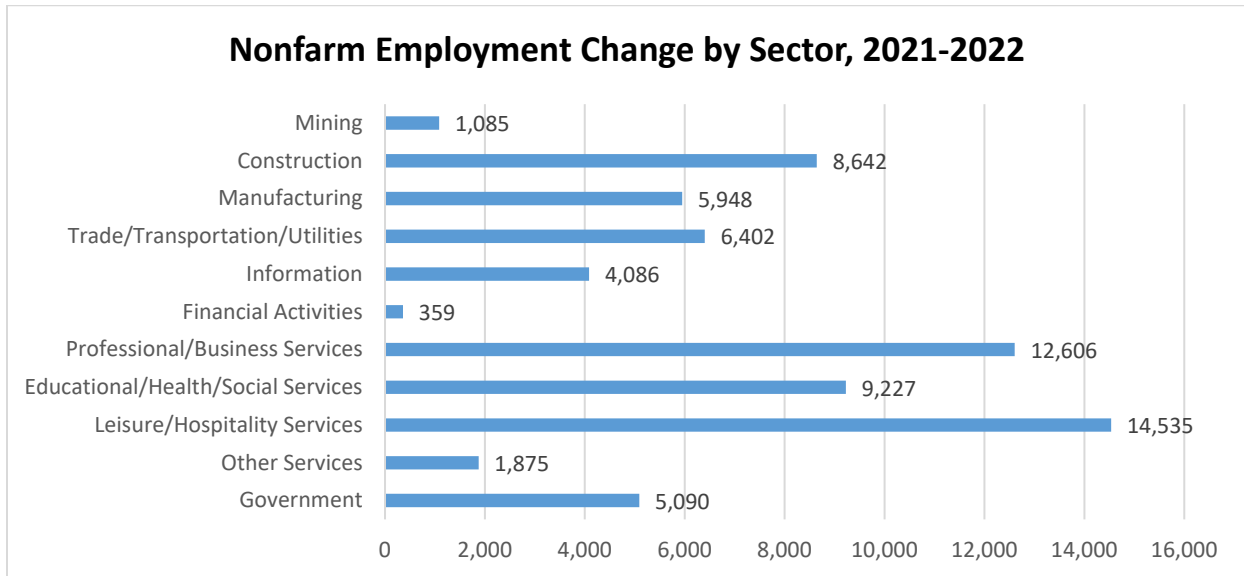
*Michael Jeanfreau, Senior Economist*

Outline – In 2022, Utah's economy grew 4.3% in nonfarm employment with gains in every industry sector. The state boasted a low unemployment rate of 2.3%, below the national average of 3.6%. Despite grappling with nationwide inflation, Utah's economic resilience remained evident. Housing prices surged in response to regional trends, posing affordability challenges. However, the state's allure remained strong, attracting a steady stream of in-migration and fueling continued growth. Utah's economic narrative for the year underscores its ability to navigate challenges, maintain a robust labor market, and sustain growth in the face of broader economic dynamics.

### Nonfarm Employment Year-Over Growth Rate (QCEW), 2021-2022



While some states, like Nevada, are experiencing high growth as they rebound from the last of the pandemic's effects, Utah's growth in 2022 is genuine growth above pre-pandemic levels and places Utah 14<sup>th</sup> among states.



Utah's major industry sectors experienced varying degrees of nonfarm employment increase from 2021 to 2022. The most substantial gain was observed in leisure/hospitality services, which added 14,535 jobs, reflecting an 8.9% increase. This surge speaks to this industry being one of the more trailing industries to recover from the pandemic. While many other industries had their rebound in 2021, this industry's return was delayed until 2022.

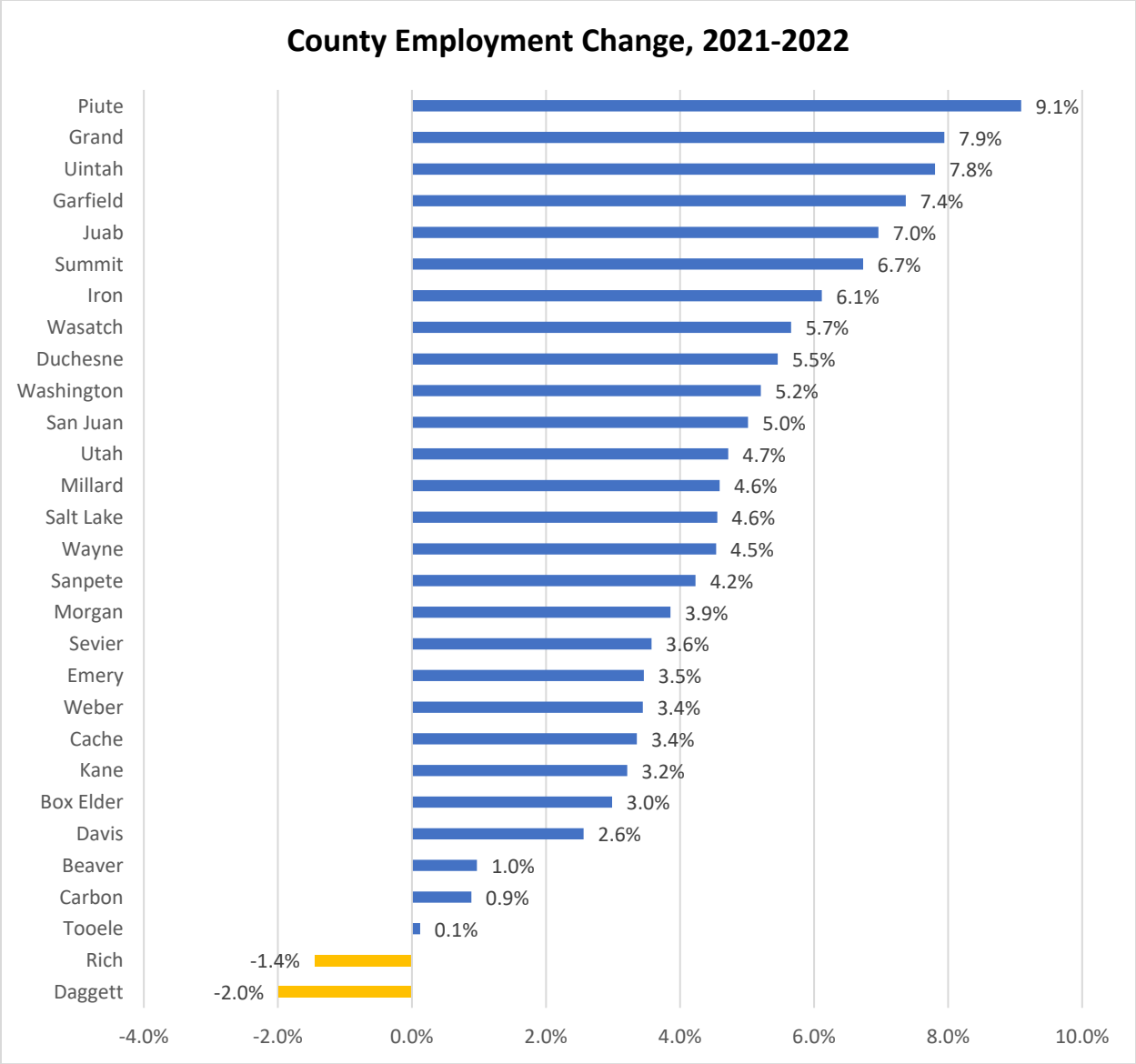
Professional/business services follows with a notable increase of 12,606 jobs, accounting for a 5.1% change, indicative of a thriving corporate landscape responding to increased demand for specialized services.

Construction emerges as a key driver, leading with the addition of 8,642 jobs, marking a 6.6% increase, fueled by ongoing infrastructure projects and a robust real estate market, particularly apartment building. Educational/health/social services contributed 9,227 jobs, reflecting a 4.1% rise, showcasing sustained demand for healthcare and education services.

The information sector added 4,086 jobs, a significant 9.1% increase, possibly driven by heightened investment in technology and innovation. Conversely, financial activities demonstrated more modest growth, adding only 359 (0.4%) jobs. The Federal Reserve's rising of interest rates in 2022 had an immediate and drag-down effect upon the financial sector.

Mining grew by 1,085 jobs, an 11.0% growth rate and the fastest rate of major industrial sectors in Utah. This gain was largely driven by renewed activity in oil and gas production.

Other sectors, including government, manufacturing, and trade/transportation/utilities, also experienced employment gains, contributing to the overall dynamism of Utah's economy. Growth across all industry sectors confirms a diverse and nuanced economic landscape, with many different sectors contributing to the state's employment growth.



The employment changes across Utah's counties from 2021 to 2022 reveal dynamic shifts, with several counties experiencing noteworthy growth.

Piute County led with a sizeable 9.1% growth in nonfarm jobs from 2021 to 2022, although the gain is only 25 jobs. Following closely, Grand County experienced 7.9% growth, largely from over 200 new leisure and hospitality jobs. Uintah County demonstrated robust growth, adding 979 jobs for a 7.8% increase. Notably, 409 of these jobs were in the mining sector, contributing to the county's historical ties to the oil and gas industry. Iron County also experienced substantial employment growth, adding 1,372 jobs for a 6.1% increase, fueled by a thriving local economy and increased demand in various sectors. Summit County, known for its scenic landscape and tourism, saw an employment change of 1,844 jobs, reflecting a notable 6.7% increase.

Other counties that demonstrated significant employment growth include Duchesne (5.5%), Wasatch (5.7%), and Washington (5.2%). Duchesne County's employment boost couples with Uintah County's

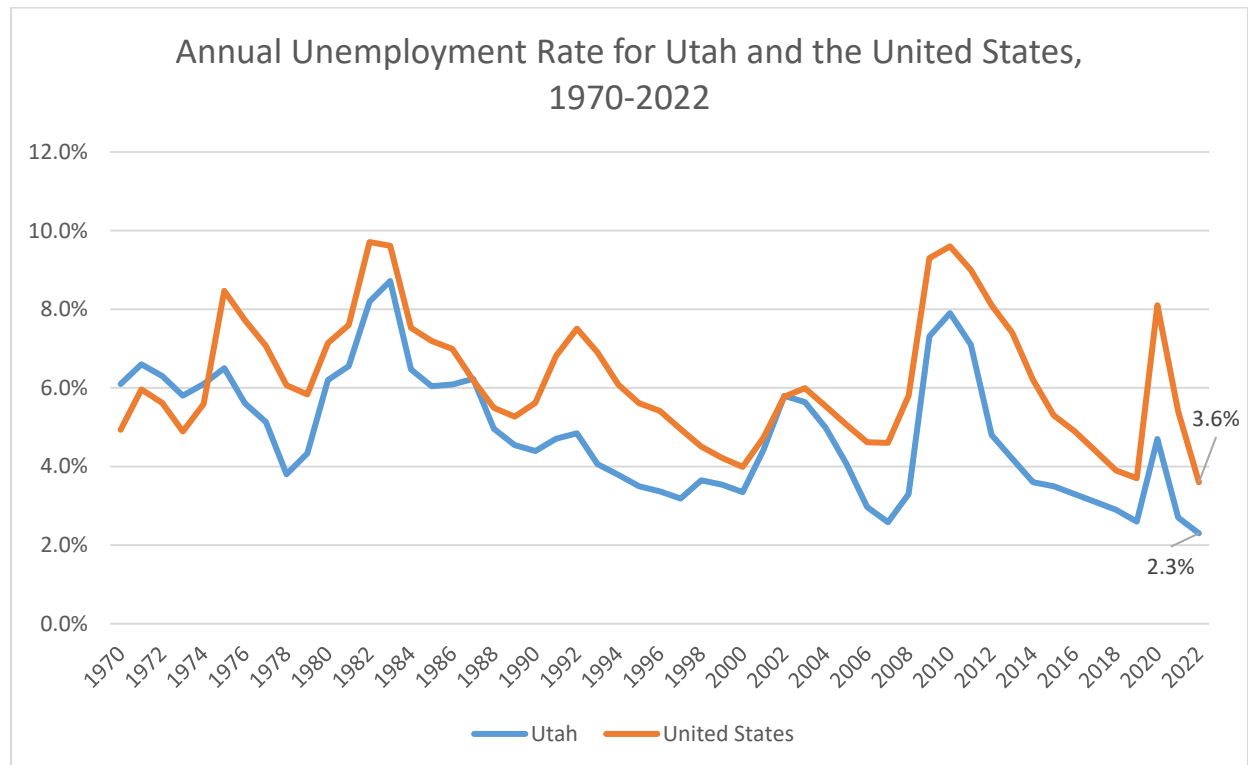
gain being oil and gas driven. Wasatch County's appeal is as a residential and recreational destination. Washington County, with its growing population and economic diversification, experienced a substantial increase in employment opportunities, adding 4,006 jobs.

Major metropolitan areas such as Davis, Weber, and Salt Lake Counties, while contributing significantly to Utah's overall employment growth, experienced more modest percentage increases. Davis County saw an employment change of 3,476 jobs, reflecting a 2.6% increase. Weber County added 3,944 jobs, resulting in a 3.4% change. Salt Lake County, being the largest employment hub, demonstrated a substantial employment increase of 34,142 jobs, yet the percentage change remained at 4.6%.

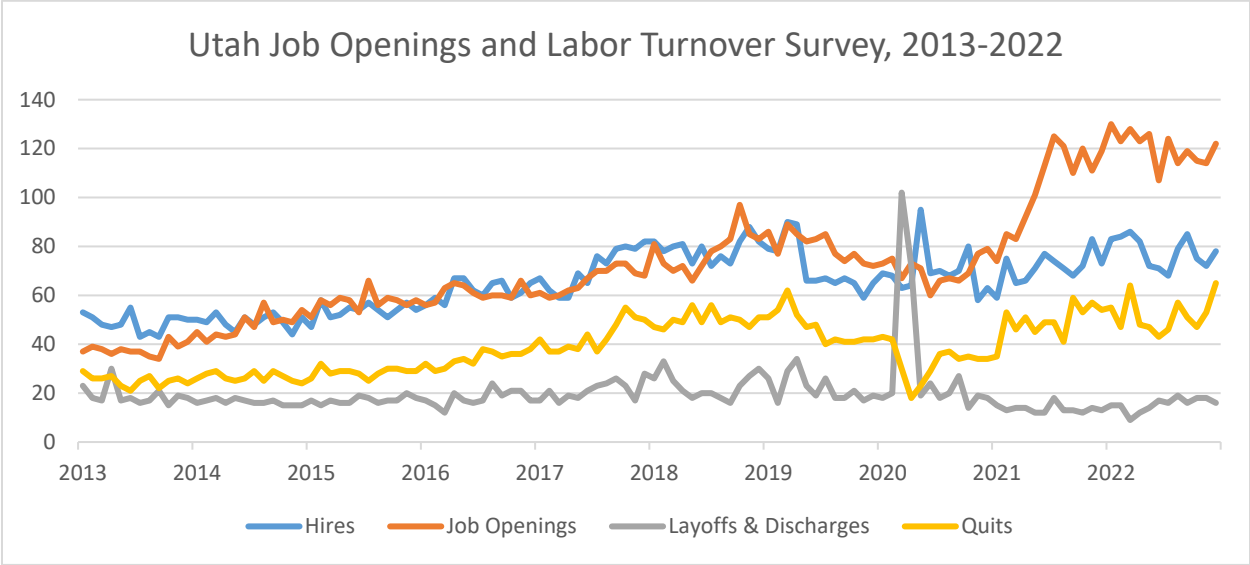
These modest percentage increases in the metropolitan areas can be attributed, in part, to their size and constraints on housing construction. As densely populated areas with established infrastructure, these counties face challenges in expanding housing availability to accommodate the demand generated by their growing populations. Limited space and zoning restrictions can hinder the ability to construct new houses at a pace that matches employment growth.

A few counties faced employment contractions, including Daggett and Rich. Daggett County saw a decrease of 9 jobs, representing a -2.0% change, caused by losses in construction as projects ended. Rich County experienced a decline of 14 jobs, reflecting a -1.4% change, the result of the normalization of tourism after the pandemic. In 2021, there was a boom in tourism that failed to repeat in 2022.

The overall employment growth across Utah's counties underscores the diverse economic landscapes and opportunities present within each region. Factors such as industry composition, local initiatives, and population trends contribute to the nuanced employment dynamics observed across the state.



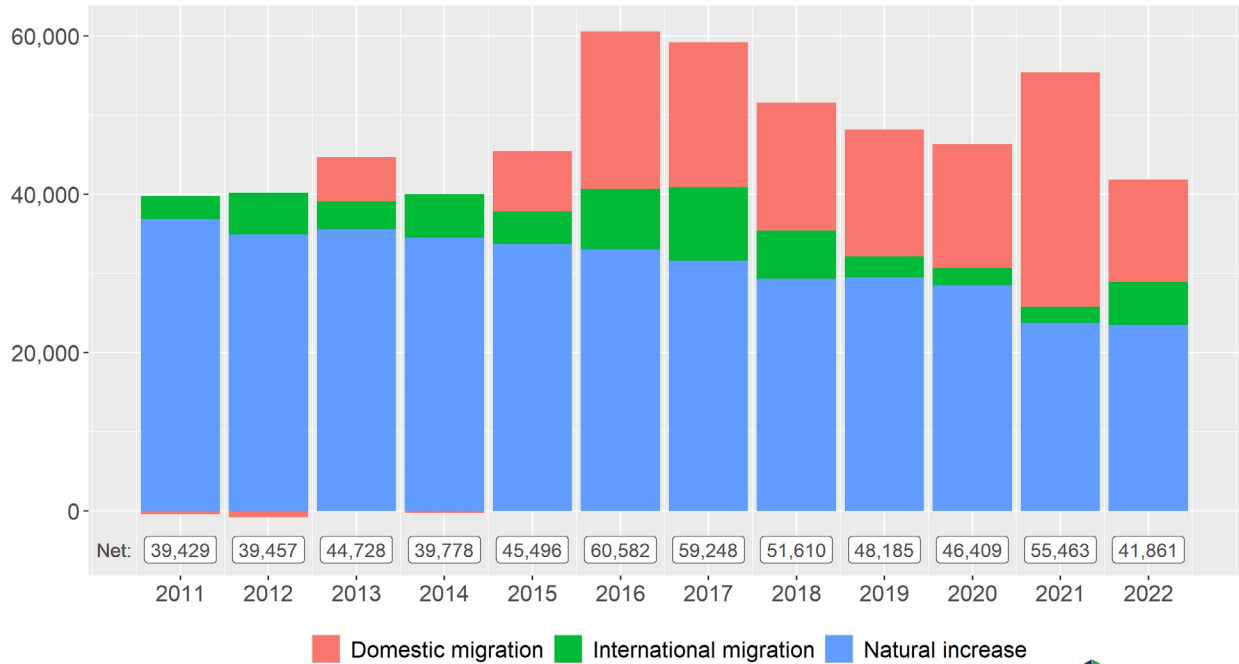
It's clear that in 2022, the labor market is grabbing every bit of available labor it can to fuel high growth rates across the state. Utah's annual unemployment rate was 2.3%, falling from the already low rate of 2.7% in 2021. A rate this low speaks to the power of an economy operating at its fullest extent. This is only the third time Utah's unemployment rate has been this low, matching the full-employment economies of 2007 and 2019. Historically, these low unemployment rates signal a fully employed and hard charging economy assembled across multiple years of robust expansion. In 2022, it is due to the combined effects of long-term growth and quick recovery.



Utah's labor market was defined by opportunity this year. Job openings continued at record numbers as the Bureau of Labor Statistics' Job Opening and Labor Turnover Survey illustrated. Utah had over 120,000 open jobs by the end of the year. This is far above the pre-pandemic record of 94,000 in 2018. Quits have risen as workers switch jobs for higher wages, but Utah quit rate percentage increases have failed to match the same elevated quit rate increases that occurred at the national level. This is because Utah's Quits rate increased before the pandemic, while the national rate didn't increase until after the pandemic.

When labor is arduous to find, employment growth rates generally become hindered. For a company to grow, they need to find enough workers to fill new roles. In 2022, unemployment remained low throughout the year signaling a fully employed labor force, yet the state still achieved a strong growth rate. The historical fuel for its employment expansion has been its high internal birth rate; every year a larger pool of workers ages into the labor force than ages out. More recently, Utah has been able to obtain high employment growth through significant in-migration. In-migration into the state was already increasing before the pandemic which became a flood in 2021. While in-migration normalized somewhat in 2022, certain regions in the state are still experiencing significant new population growth.

## Utah: Components of population change



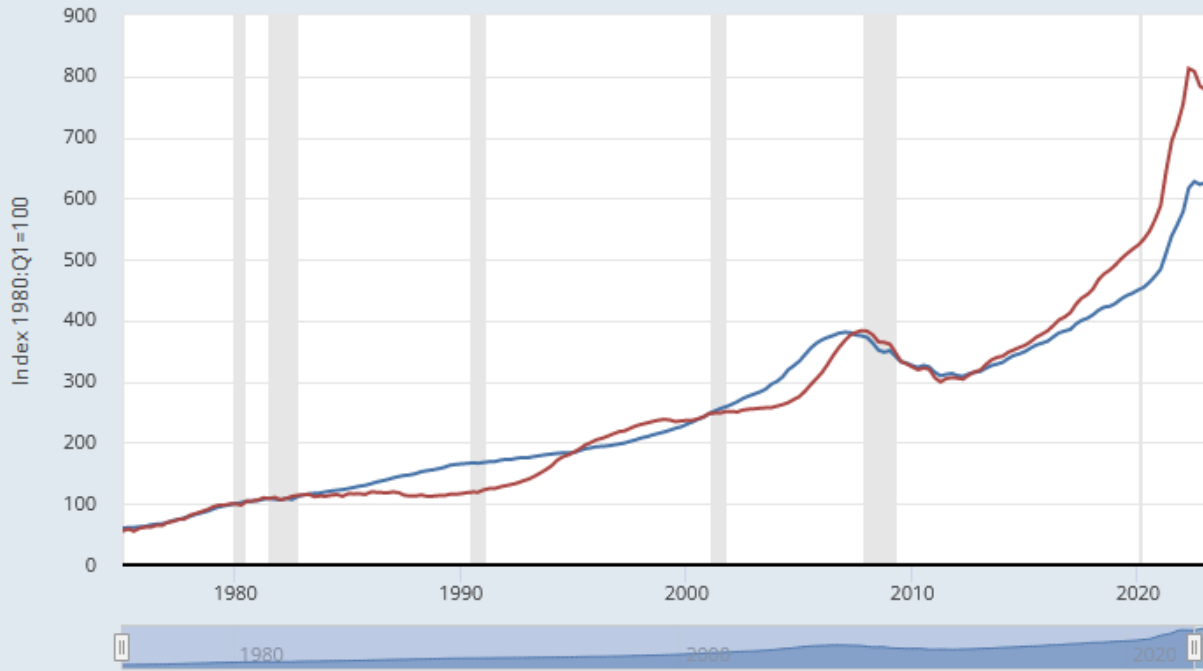
Source: U.S. Census Bureau, Population Division



Utah's growth comes despite two specific hurdles that arose in 2022: the influx of new residents into the state as well as national headwinds of inflation. House prices in Utah have risen at a faster rate than the national average, and the Mountain region has experienced higher than average inflation. However, increases in the Federal Funds Rate enacted by the Federal Reserve in 2022 have impacted both, with housing prices beginning to decline by the end of the year and inflation beginning to drop back into healthy levels.

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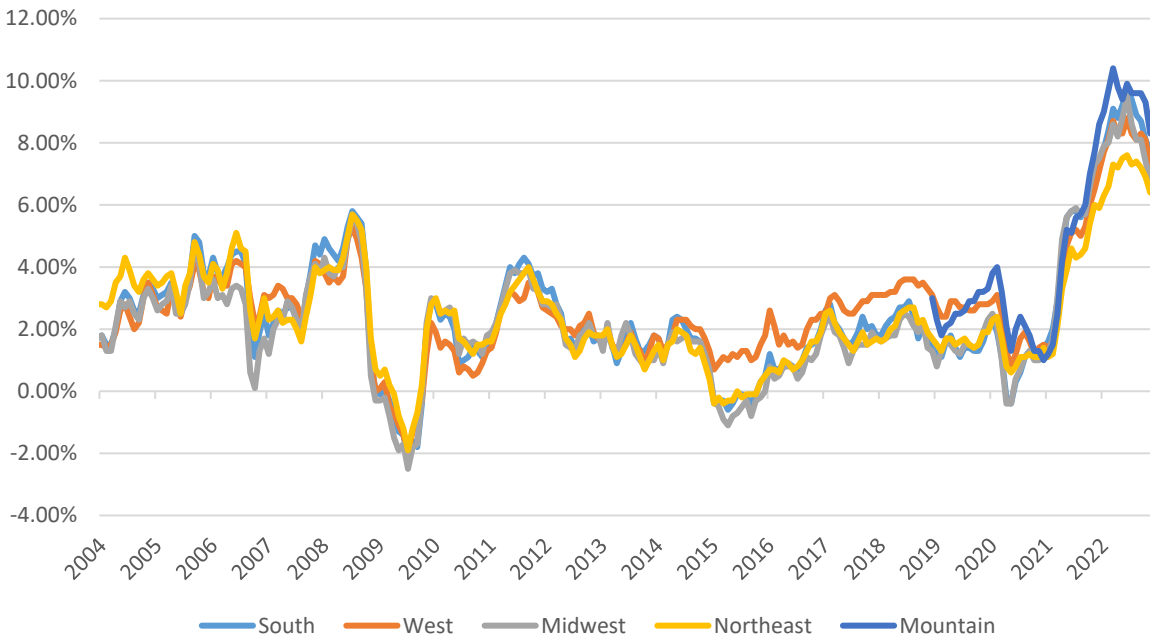
— All-Transactions House Price Index for the United States  
— All-Transactions House Price Index for Utah



Source: U.S. Federal Housing Finance Agency

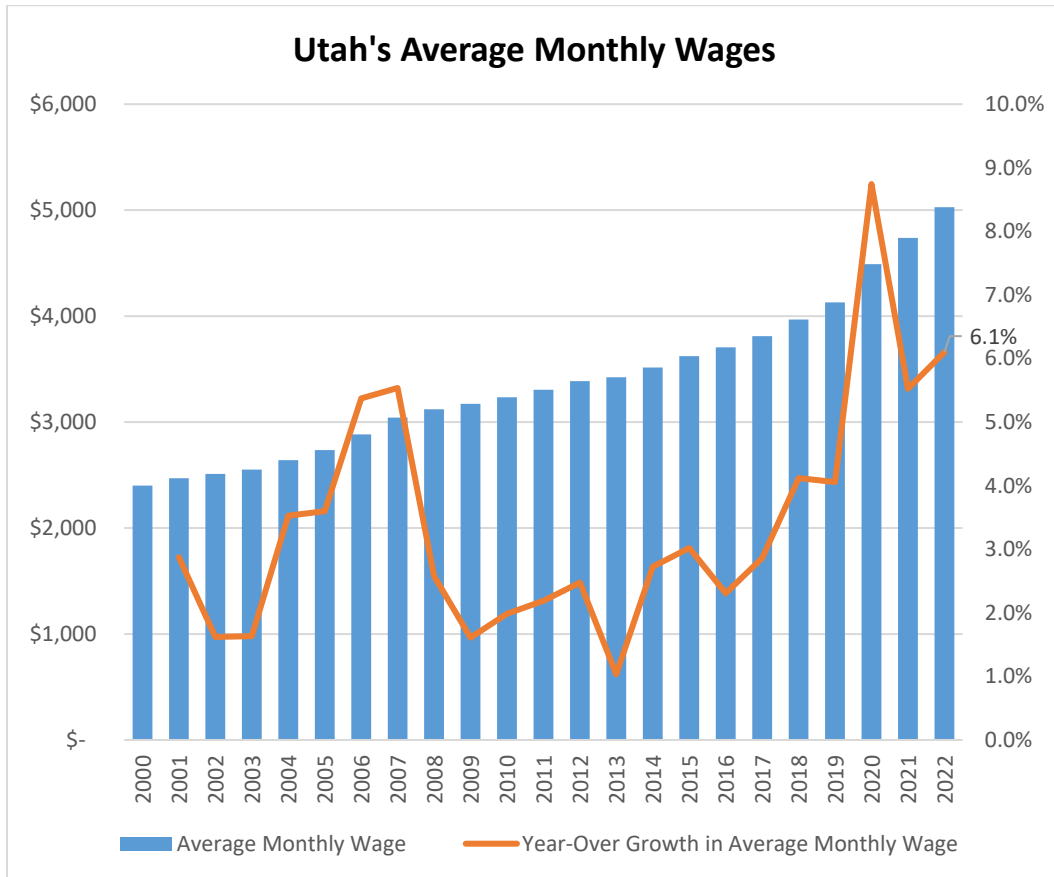


### 12-month percentage change, Consumer Price Index, by region and division, all items





Despite the relief that in-migration brings to a labor market eager for every worker it can get, competition for labor led to another year of sizeable wage gains. Utah's average monthly wage grew to \$5,034, or 6.1%, a higher rate than most of the 2010's when the Utah economy was also booming.



## Employment by Industry

**Mining** employment in Utah witnessed growth in response to increased interest in oil in eastern Utah. The heightened demand for goods throughout the year further contributed to an increased demand for oil. This helped, but was not solely responsible for, the creation of 1,085 new jobs, reflecting a substantial 12.3% increase.

**Construction** continued to thrive in Utah, its growth persisting after barely slowing for the pandemic. Strong building momentum was in place when the pandemic hit, and there was no waning in the demand for residential or commercial activities. Following the pandemic, strong in-migration has pushed demand higher. Residential construction was subsequently high through 2022. The industry added 8,640 jobs during the year for a substantial 7.1% growth rate.

**Manufacturing** employment has been positive through 2022. With manufacturing in Utah diversified between aerospace, advanced tech, food production, and more, and with new contracts awarded recently in Utah from the Department of Defense toward Hill Airforce Base, growth in the sector remains steady. The industry grew by 5,945 jobs, or by 4.1% year over.

**Trade, Transportation, and Utilities** is a conglomeration of several industries and is the state's largest employment sector. It expanded in 2022 by nearly 6,400 new jobs. This is less than 2021's growth of over 16,000. Some of the growth over that year was recovery from job losses experienced in 2020. Retail trade is the largest subsector, which is the main intersection point of commercial buying and selling. The NAICS retail structure was updated in 2022, and the reclassification at the three-digit NAICS notably affected the structure of retail trade, preventing a year-over comparison in greater detail.

**Information** is one of Utah's smaller industry groups. The industry's largest segments are publishing and computing infrastructure providers, data processing, web hosting, and related services. The 2022 NAICS restructuring affected year-over growth rates of publishing, Utah's largest information subsector. Telecommunications and web search portals, libraries, and archives lost employment over 2021. Conversely, motion picture and sound recording along with computing infrastructure providers grew. In total, the industry had 4,090 more jobs in 2022 than the year before, an increase of 9.1%.

**Financial Activities** employment increased by 360 jobs, representing a 0.4% growth, the smallest growth rate among Utah's industry sectors. The small growth developed in securities, commodity contracts, and other financial investments and related activities. Other industries in the sector, like insurance carriers and credit intermediation, lost employment. The raising of mortgage rates in 2022 significantly adversely affected the financial sector.

**Professional and Business Services** is Utah's third largest employment sector. Employment increased by 12,600 jobs, a 5.4% gain. The sector is comprised of establishments specializing in delivering professional, scientific, and technical activities on behalf of others. This necessitates a high level of expertise and training. Within this sector, establishments focus their specialization based on expertise, offering these services to clients across various industries and, in some instances, to households. The range of activities includes providing legal advice

and representation, offering accounting, bookkeeping, and payroll services, delivering architectural, engineering, and specialized design services, providing computer services, offering consulting services, conducting research services, managing advertising services, offering photographic services, providing translation and interpretation services, delivering veterinary services, and offering various other professional, scientific, and technical services.

**Education and Health Services**<sup>1</sup> is an industry where its service demand is driven by population growth. As Utah's population is on a perpetual upswing, especially with recent additions from in-migration, this industry added 9,230 jobs. Most are in health services (over 6,000 jobs) as this is the largest segment. Educational services generated an additional 1,300 jobs.

**Leisure and Hospitality** businesses provide services in arts, entertainment, recreation, accommodation, and food service. In some Utah counties, especially those containing national parks and other outdoor attractions, this employment sector is one of the largest. As the single largest contributor to job growth over 2022, leisure and hospitality added 14,535 jobs over the year, an increase of 8.9%.

**Other Services** is somewhat of a miscellaneous catchall industry that contains a wide range of service activities, such as repair and maintenance, personal care, and membership organizations. In 2022, employment reached 44,440. That is an increase of over 1,860 positions, a growth of 4.2%. While Utah and Salt Lake counties led in total new jobs, several small counties like Sevier and Piute had double-digit growth rates.

All of the above industry sectors constitute the **Private Sector**, a conglomerated description of all industries not classified as government. This conglomeration accounts for over 85% of all 2022 Utah employment. The private sector gained over 63,000 jobs in 2022 for a growth rate of 4.8%.

**Government** consists of three classification levels — federal, state and local. 5,090 more government jobs were recorded in 2022 across these three levels. Government is Utah's second largest employment sector as most of Utah's education entities are under government administration, whether K-12 or higher education. The largest is local government employment, as most K-12 education is administered by local governments. State government follows, with the dominating factors being education and healthcare. The federal government is the smallest of the three but is not insignificant with over 39,000 workers, including Hill Air Force Base, the Internal Revenue Service processing center, Utah's numerous national parks, the U.S. Forest Service, and other land management agencies.

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<sup>1</sup> Only includes private sector employers. Education or healthcare entities run by federal, state, or local governments are included in the government sector evaluation.