

UTAH'S ECONOMY - 2012

Utah's 2012 economic performance was positive and constituted a second year of recovery from the Great Recession employment setbacks of 2008 through 2010. Utah's economy added 40,300 jobs across the 12 months of 2012, translating to a growth rate of 3.3 percent—a rate largely equal to Utah's average yearly growth of 3.1 percent since 1960. This is the first year that Utah experienced employment growth at average since 2007. Utah's 2012 unemployment rate was measured at 5.7 percent.¹ This is down from the Great Recession peak of 8.1 percent in 2010.

Employment levels have still not recovered to their pre-recession peak. An employment count of 1,248,900 for 2012 remains 3,600 below the 2008 employment—the peak employment before the Great Recession. This is four years beyond previous peak employment and speaks to the depth of the Great Recession employment setback and the slow rate of recovery not just in Utah but across the nation as a whole.

¹ The unemployment rate is subject to additional revisions.

All major industrial sectors have added jobs over the course of 2012. The last time all sectors added employment was in 2007. In 2011, construction was the only industry to not add jobs. As construction added jobs this year, this marks the last Utah industry to make a turnaround from the recession.

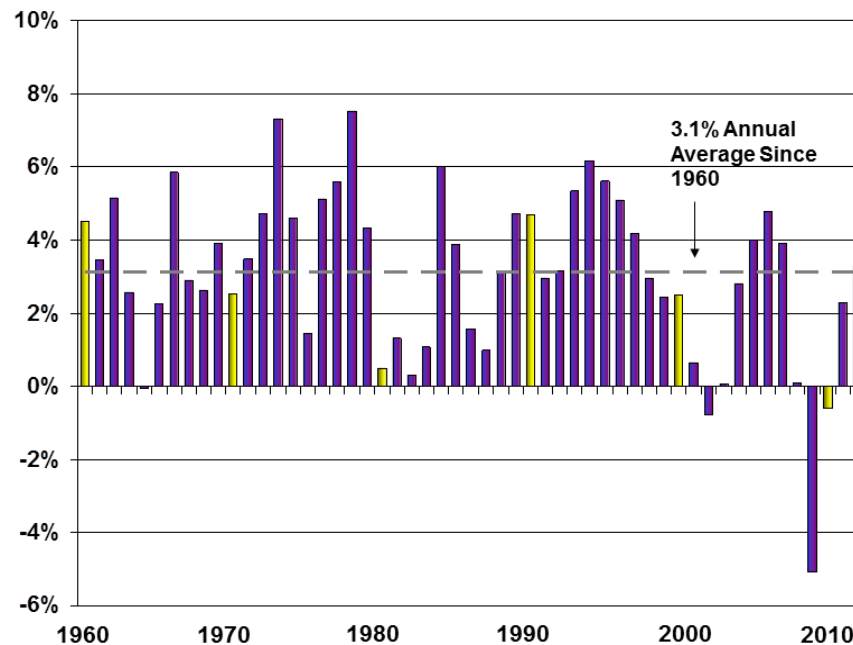
An additional feature of the Great Recession's lingering impact is the lower percentage of the labor force employed. That percentage has fallen from 69 percent pre-recession to 63

percent as 2012 began. This is the lowest employment-to-population ratio in 30 years. Fortunately, nearly half of this labor force decline is in teen employment—those 16 to 19 years old. That is a segment of the labor force whose idleness is not as critical to the economy as an older cohort would be.

County Summary

Although Utah employment grew at a healthy 3.3 percent, not all counties

Utah State Employment Growth Rates
1960 – 2012



Source: Utah Department of Workforce Services

mirrored that performance. In fact, the recovery was very metropolitan centered. The major metropolitan counties of Cache, Weber, Davis, Salt Lake, Utah, and Washington combined to grow employment 3.6 percent, accounting for 37,800 of the state's 40,300 new jobs. Washington and Utah counties were of particular note, with employment growth in each at 5.0 percent or higher. For many years prior to the recession, 5.0 percent was largely an average year of employment growth in Washington County. Washington was heavily impacted by the recession, so its growth this year is

a signal that the recession's impact has loosened its grip upon the county. Employment levels are still below the pre-recession peak, but 5.2 percent growth is a good movement in the right direction.

Duchesne and Uintah counties are also of note for their high level of employment gain. Duchesne at 12.9 percent and Uintah at 5.3 percent speak to something unusual and unique, and that would be oil and gas production resurgence. This year was marked across the country as an aggressive year for the oil and gas

industry. New and rapidly developed drilling and extraction techniques have transformed America's oil and gas industry from a mature and stationary industry to a reborn and expanding segment. In the oil fields of Duchesne County, mature fields are being reworked with new techniques and oil production is up noticeably. New areas are also being

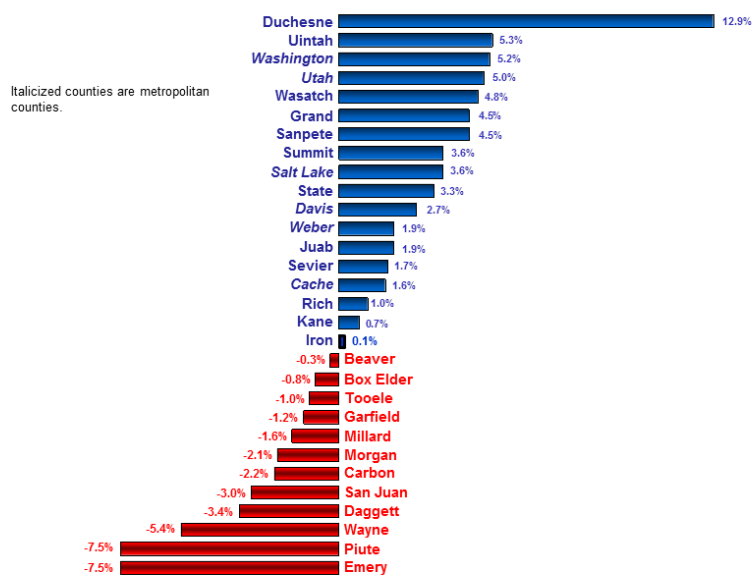
drilled. Increased output has called for increased trucking, as that is the transportation means to get the oil to the Salt Lake refineries. In Uintah County, additional areas have been opened to natural gas drilling and companies are doing just that.

In contrast, some of Utah's rural counties had distinct employment setbacks. Wayne County had its largest employer close, with a corresponding employment decline of 5.4 percent. Box Elder County continued to lose manufacturing jobs. Beaver and Emery counties' had short-term construction and maintenance projects of 2011 come to an end, and their employment counts were correspondingly down in 2012.

Employment by Industry

Mining employment increased by 900 positions. Most of this occurred in the oil and gas fields of the Uintah Basin in response to recent technological advancements in drilling techniques. In contrast, the coal mining industry in central Utah saw employment declines as the Intermountain Power Plant was down for maintenance, thus needed less coal, and the overall market for coal is diminished.

County Employment Change: 2011 - 2012



Source: U.S. Bureau of Labor Statistics.

Construction had its first year of employment gains since the recession began in late 2007. Construction had lost over 38,000 jobs during the recession. This year, 4,050 were recreated. The slide in home building has run its course so no further job losses developed there. A significant portion of this year's construction gains are connected with the building of the National Security Administration facility at Camp Williams. Construction is an industry whose employment levels are well below their pre-recession peak.

Manufacturing also continues to regain jobs lost during the recession. It and construction were the two most heavily impacted industries. Around 3,000 jobs re-emerged in 2012. The leading areas for gains are fabricated metals, primary metals, medical equipment, plastics, computers and electronics, and transportation equipment. Manufacturing employment levels are over 10,000 below their pre-recession peak.

Trade, Transportation, Utilities is the largest employment sector in Utah, accounting for 19.4 percent of all employment. It was also the sector that added the most new jobs over the year—8,600. Wholesale trade increased by 1,760, retail trade by

5,100, and transportation and warehousing another 1,675.

The number of retail trade establishments increased by 90 while employment rose by 5,100. Clothing and accessory stores accounted for over 1,000 of this increase, helped along by the opening of downtown Salt Lake City's City Creek mall in addition to the opening of Station Park in Farmington.

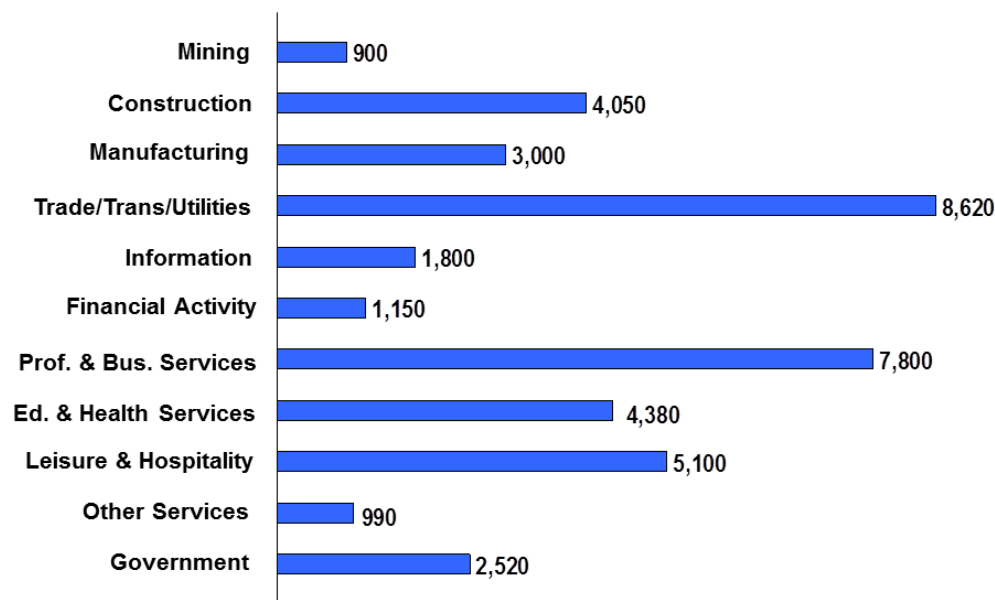
Nearly all of the gain in the

transportation sector came in trucking.

Even with a second year of employment gains, trade, transportation, utilities employment remains roughly 6,000 below its pre-recession level.

Information is one of the smaller industry sectors in Utah, employing around 31,300. That is an increase of 1,800 positions for 2012. Over half are in software publishers, with telecommunications and Internet

**Utah Non-Farm Employment Change By Sector
2011 – 2012**



Source: Utah Dept. of Workforce Services

services rounding out the gains.

Financial Activities continued making strides beyond its recession downturn, adding 1,150 jobs over the year. All major subsectors have added jobs, including banking and credit institutions, securities and commodities, insurance, funds and trusts, real estate services, and rental activities. With two years of employment gains, this sector still remains over 4,000 jobs below its pre-recession peak.

Professional and Business Services

added the second most jobs in Utah in 2012, increasing by 7,800. It is also a sector whose employment gains of the past several years have pushed employment counts above its pre-recession peak—by 5,000.

This sector consists of two major components—high-paying professional and technical services, and lesser-paying business services, such as telemarketing and temporary help. Both are fairly equal in employment

within this sector. Professional, technical and corporate job counts numbered 72,345. Business services employed 75,730. There is a third component to this sector—corporate headquarters—and employment there numbered 19,150.

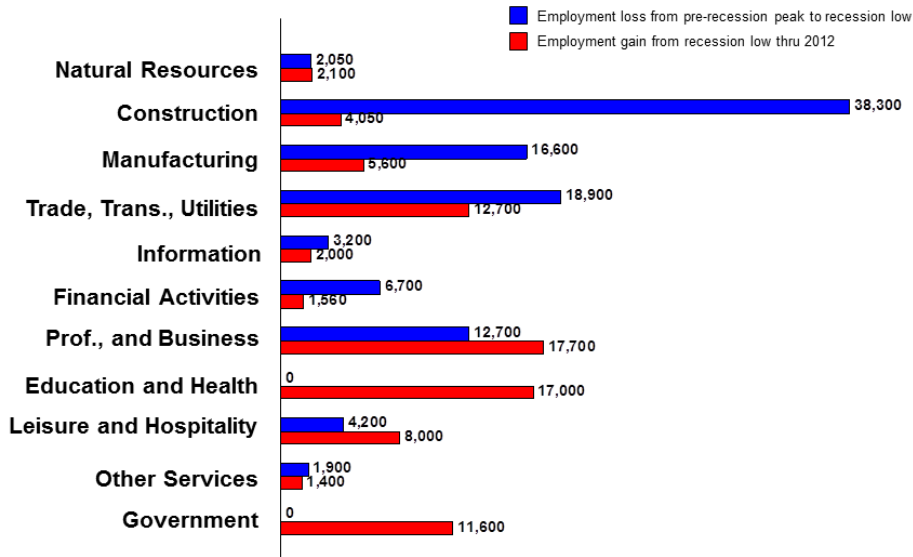
Professional and technical jobs are generally high paying and require higher education and specialized training in fields such as engineering, computer programming, and consulting. This segment added 4,280 jobs in 2012.

The business services component gained 3,000 jobs in 2012.

Education and Health Services is a large employment sector in Utah and one of its consistently best performing sectors. This industry sector gained employment throughout the recession period. It added 4,380 jobs in 2012.

Industry profiling generally separates private sector employment from government (public) employment, even though both the public and private sectors may perform identical industry functions. Much of Utah’s education activity is performed by government. Therefore, the education portion of this sector only includes private sector education. Government education is counted with government. Private sector education employment grew by

Utah Nonfarm Industry Profile (Numeric Change)



Source: U.S. Bureau of Labor Statistics, QCEW Note: Recession period peaks and lows vary from industry to industry.

1,570 positions in 2012, and numbered 37,760.

Health care is the large portion of this industry sector. Again, there is both public and private health care in Utah. Private sector health care numbered 125,835 in 2012, and that is an increase of 2,800 positions.

Leisure and Hospitality sector combines arts, entertainment, and recreation with the accommodation and food services industry. It enjoyed a robust 2012 as 5,100 jobs were added, the third highest job creation total by sector. Total employment numbered 118,600.

Arts, entertainment, and recreation employed 17,900 on average in 2012. Seasonality, like winter skiing, will make some months higher than others. This portion of the leisure and hospitality sector added 1,220 jobs in 2012.

The accommodation and food services segment is much larger, employing 99,500. It added around 3,900 new jobs in 2012.

Other Services has a potpourri of businesses within its classification such as repair services, personal services, and membership organizations. It is one of Utah's smaller employment sectors with 35,050. It also added one of the

smallest number of new jobs in 2012—990.

Government is a large employer in Utah. It consists of federal, state, and local components. Together, they make up fewer than 18 percent of Utah's employment base, the second highest among all industries. In aggregation, government employment totals 223,300.

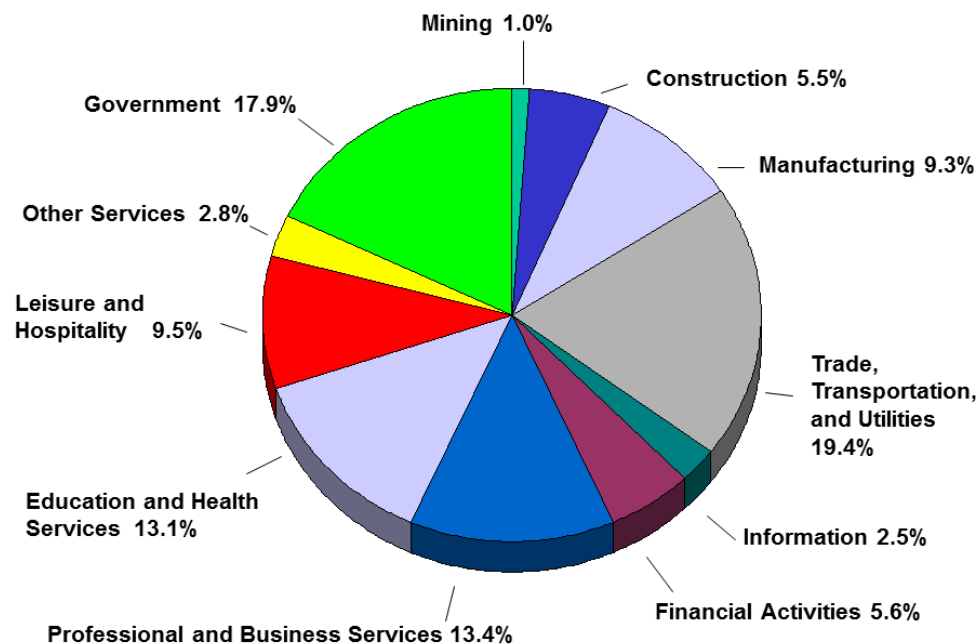
Federal employment totals 35,400, or 16 percent of government employment. This is a decrease of 1,200 positions in 2012. State government employs 68,700,

with over half of that in higher education.

Local government employs 119,200, and again, more than half of that is in K-12 education.

Mark Knold, Supervising Economist

**Utah Non-Farm Employment Distribution
2012**



Source: Utah Dept. of Workforce Services