

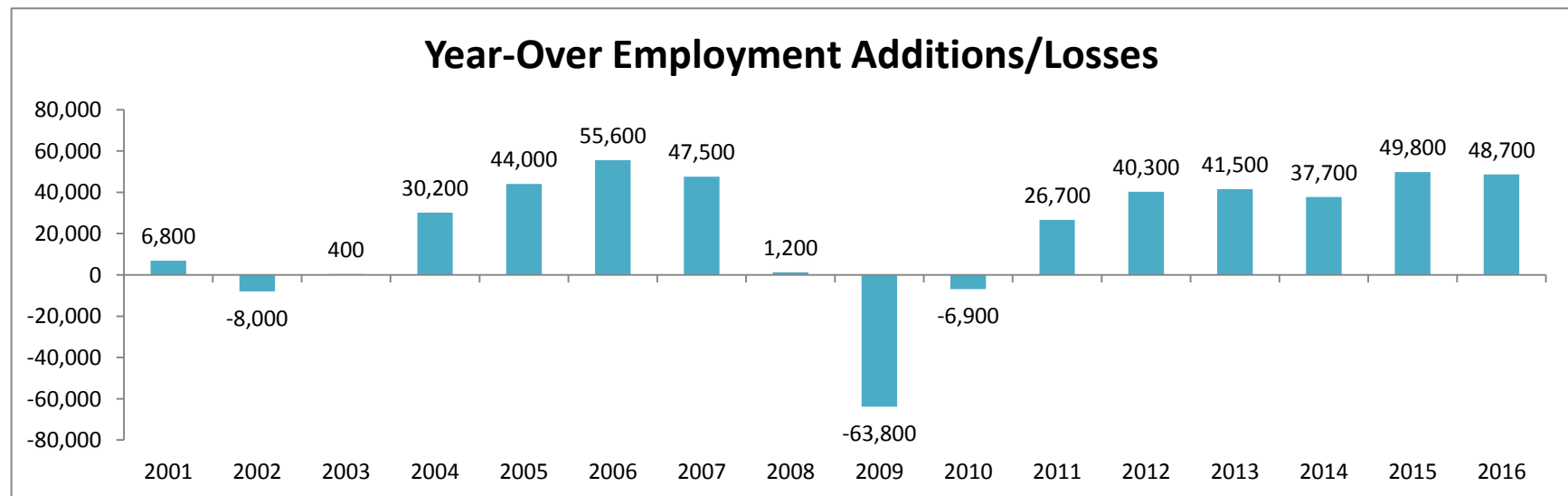
Utah's Economy—2016

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Much like 2015, 2016 was a year of accolades for Utah's well performing economy. The state outshined all others in the nation for economic vitality and was named by CNBC as the top state for business.¹ Forbes Magazine awarded Utah the title of 'Best State for Business', the state's sixth win in seven years thanks to its strong education system, quality of life, housing affordability, and of course, job market.² Utah also made national news for its burgeoning tech industry, affectionately known as 'Silicon Slopes'. According to CNBC, Utah's "low taxes; cheap real estate; a pool of young engineering talent from the University of Utah, Utah State and Brigham Young; and a business-friendly environment" make Utah a top location for tech start-ups.³ The labor market indicators presented in this publication measure how the businesses and workers in our state contributed to this success.

Utah's labor market grew by roughly 48,700 positions in 2016, 1,100 fewer than what was added in 2015 but slightly higher than the average number of jobs added during the pre-Great Recession expansion years.

The job growth rate for 2016 registered 3.6 percent, which is well above the state's long run average of 3.1 percent.

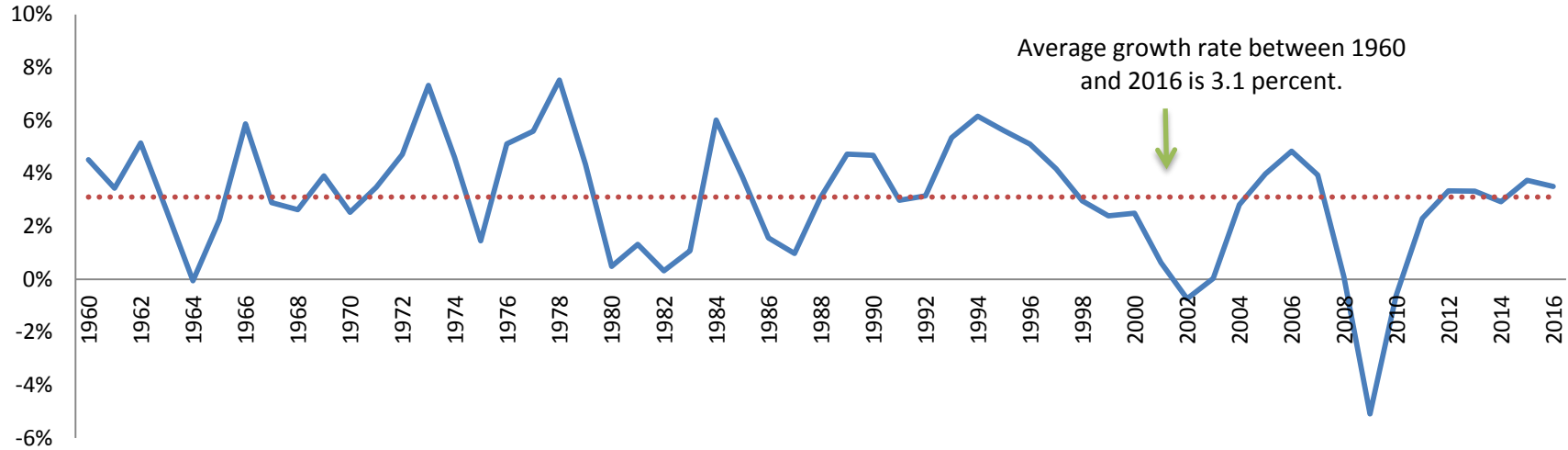


¹ <https://www.cnbc.com/2016/07/12/americas-top-states-for-business-2016-the-list-and-ranking.html>, accessed on October 15, 2017.

² <https://www.forbes.com/places/ut/>, accessed on October 15, 2017.

³ <https://www.cnbc.com/2016/07/13/a-high-tech-mecca-rises-to-rival-silicon-valley.html>, accessed on October 15, 2017.

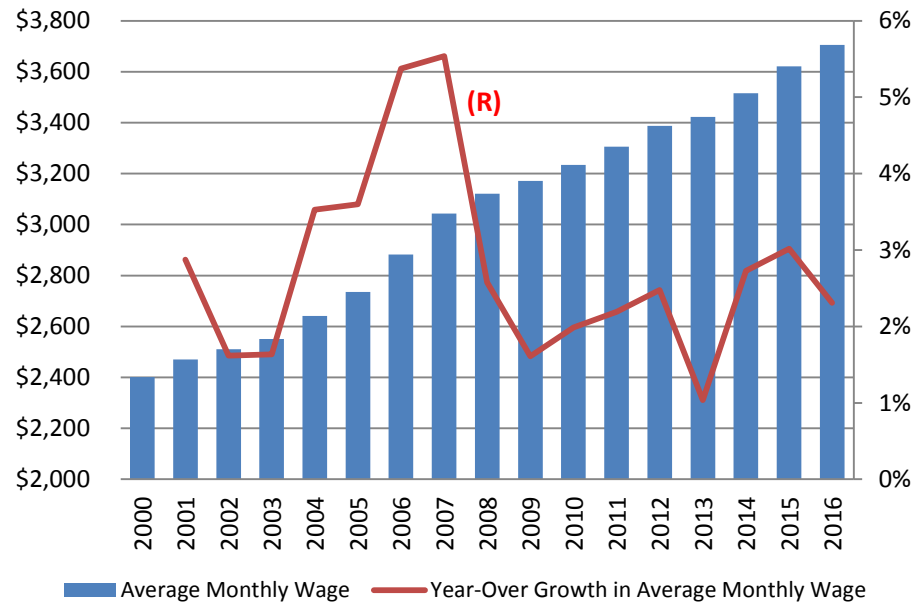
Statewide Employment Growth Rates, 1960-2016



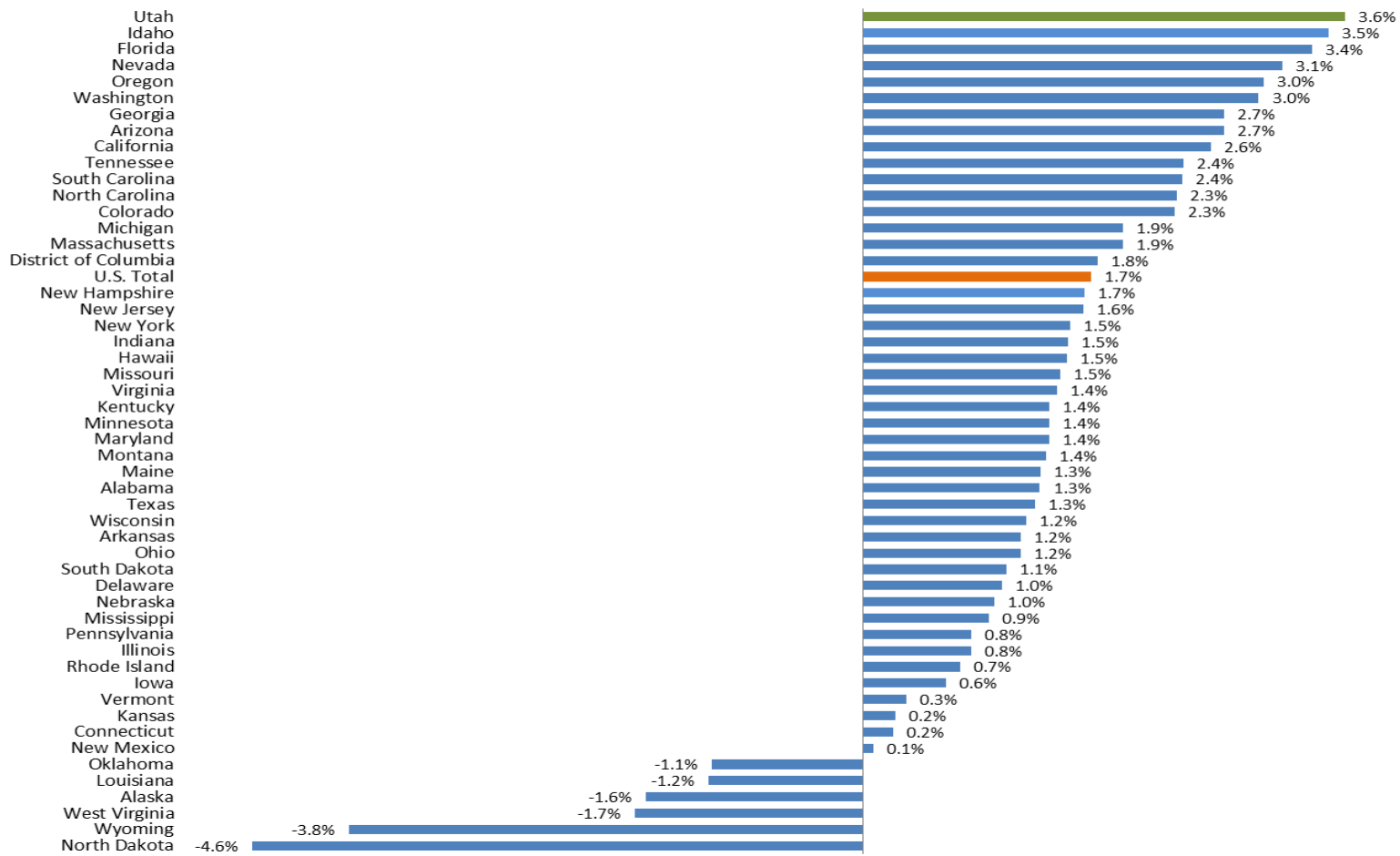
While today's economy looks like past expansions in terms of employment, the wage story looks much different. The current post-recession wage rebound has been softer than a typical expansionary period. In 2007 when 47,500 jobs were added to the state, wage growth was at 5.5 percent; whereas in 2016, when roughly the same number of jobs was added, wage growth was only 2.3 percent. Both of those times were marked with low unemployment rates, so the wage pressures should have been comparable. The current weak wage gains, while bringing relatively lower rewards to workers, will possibly allow for a longer sustained expansion before recessionary pressures arise. 2.3 percent.

Utah led the nation in job growth for a second straight year, posting a rate almost two full percentage points above the national rate. Utah may lose that top spot in the coming years to other accelerating economies such as Idaho, Florida, or Nevada, all of which have more slack in their labor markets and thus more room to continue accelerating.

Utah's Average Monthly Wages



Year-Over Growth in Non-Farm Employment, by State and U.S. Total, 2015-2016*



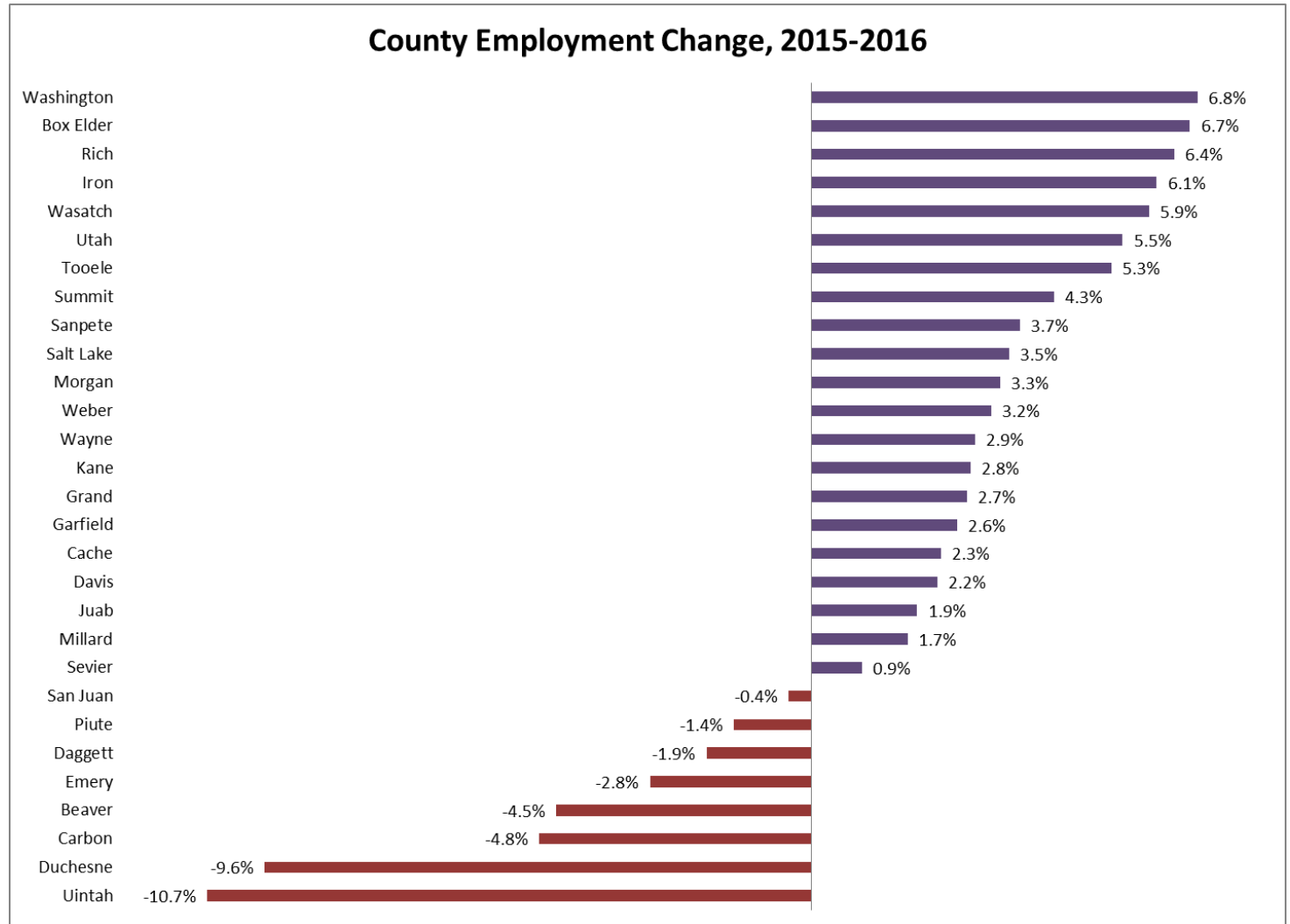
Utah, a state that has enjoyed strong job growth for several years now, can continue to grow but may see the rate slow due to its available labor being comprehensively used.

Utah’s job expansion absorbed workers off the unemployment rolls and drew new ones into the workforce. The unemployment rate remained at or below 4.0 percent each month of the year, with 3.4 percent as the annual rate. On average, approximately 51,800 individuals were unemployed each month and actively seeking work, and the total number of individuals in the labor force rose by more than 47,000.

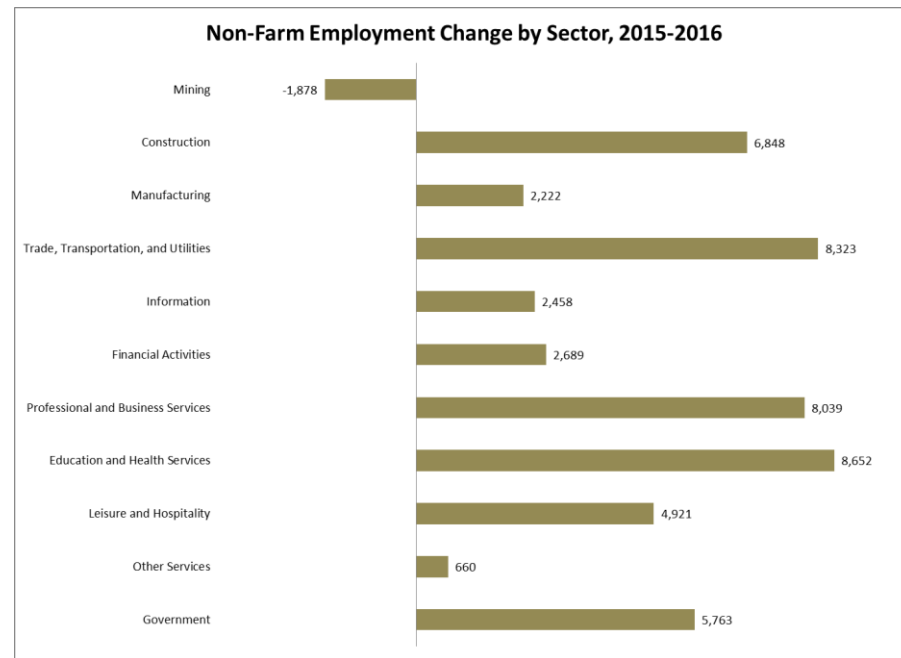
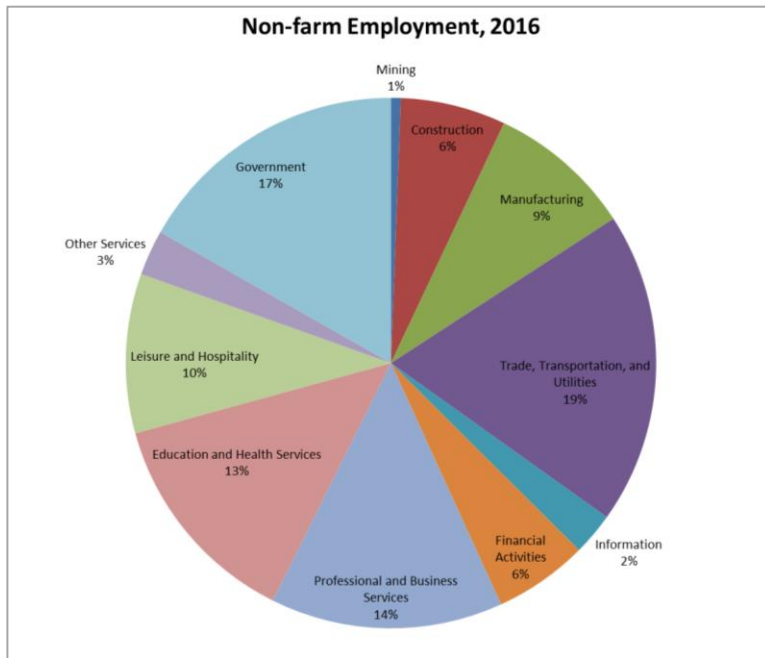
County Employment

Nine of Utah's counties experienced job growth above the statewide average of 3.6 percent. Washington County grew at the fastest rate, 6.8 percent. This addition of roughly 3,900 jobs constituted the third most added jobs in a county, or 8 percent of the news jobs added in the state, a significant portion given that the county holds only 4.3 percent of the state's total jobs. Box Elder County recorded the second fastest job growth at 6.7 percent, adding 1,234 jobs during the year. The third fastest job market growth was in Rich County at 6.6 percent, an addition of 46 new jobs. The largest volume of jobs was produced in Salt Lake, our most populous county, where employers created just under 23,000 new positions. Utah County, considered the epicenter of Silicon Slopes, added the second highest job number (13,400).

Eight counties posted net job losses in 2016. The three counties posting the largest job-loss rates are economies strongly tied to natural resource extraction and production—an industry seeing low prices in 2016 and thus low production demand. Total jobs lost across the eight contracting counties equaled less than 3,000, a mere 0.2 percent of total employment in the state. Yet these are rural counties distanced from Utah's metropolitan support, thus the losses are significant and impactful in those local economies.



Employment by Industry



Mining companies in Utah shed more jobs in 2016, continuing the contractual trend brought on by a significant drop in oil prices in 2014, and the negative view toward coal-fired energy. Robust production from U.S. shale-oil fields pushed the oil market into oversupply by late 2014. Prices fell, and in 2015 production was decreased, resulting in layoffs in the oil fields. This trend continued into 2016, causing Utah’s Mining, Oil, and Gas industry to lose another 1,878 jobs over the year, roughly the same amount lost in 2015.

Construction employment continued on its post-recession accelerated growth path, adding jobs at a rate of 8.1 percent and becoming the fastest-growing industry. 2016 was also the sixth consecutive year of permitted construction–volume growth, driven by demand for residential as well as non-residential construction. Two of the three subsectors of the Construction industry posted net employment gains, with Construction of Buildings growing 6.8 percent and Specialty Trade Contractors growing 10.2 percent. The third Construction subsector, Heavy and Civil Engineering, contracted 3.5 percent, primarily from losses in Uintah and Summit counties.

Manufacturing employment growth rate for 2016 was equal to the national growth rate of 1.8 percent. The 2,222 manufacturing jobs created were primarily in Salt Lake and Weber counties. Together, the two counties hold roughly 55 percent of the state’s

manufacturing jobs. Cache County, where nearly 20 percent of employment is in manufacturing, experienced a 0.4 percent employment decline over the year.

Trade, Transportation, and Utilities—the state’s largest employment sector—ended the year with average employment of 271,432; an expansion of roughly 8,300 jobs more than the 2015 level. With 19 percent of the state’s total nonfarm jobs, trends in this industry can have a weighty effect on the state’s overall labor market performance. A breakdown of the industry shows that over 6,600 jobs were created in Retail Trade, and roughly 2,000 jobs in Transportation and Warehousing, while the Utilities and Wholesale Trade industries contracted by 111 and 55 positions, respectively. This industry added the second most jobs in 2016, next to Education and Health Services.

Information is one of Utah’s smaller industry sectors, constituting only 3 percent of the state’s employment with approximately 37,000 positions. The industry grew by 7.1 percent in 2016, more than twice as fast as its 2015 growth rate, adding 2,458 jobs. Primary employment drivers include Publishing, Telecommunications, and Data Processing.

Financial Activities was the second fastest-growing industry at a year-over rate of 7.1 percent. Another year of strong housing market expansion, construction growth, and a healthy stock market were likely driving the increased hiring.

Professional and Business Services increased payroll employment by more than 8,000 positions over the year. This industry brings together a wide spectrum of jobs in terms of wage and skill levels, including higher wage and skill Professional, Scientific and Technical Services, which expanded by 4.5 percent; Management of Companies, which grew by 0.7 percent; and generally lower wage and skill Administration, Support and Waste Management Services, which grew by 4.6 percent.

Education and Health Services⁴ is an industry where demand for the services is driven by population growth. As such, employment tends to grow at a steady and moderate pace. This was indeed the case in 2016 as the industry added more than 8,600 jobs, a growth rate of 4.7 percent and the largest number of positions added by any industry. Of the jobs added over the year, 5,611 were in Educational Services and 6,845 were in Health Care and Social Assistance.

Leisure and Hospitality runs the gambit of businesses providing services in arts, entertainment, recreation, accommodation, and food services. In some Utah counties, especially those containing national parks and other tourist attractions, Leisure and Hospitality is one of the largest sources of employment. 2015 was a banner year for the state with the ‘Mighty Five’ advertisement campaign from the state’s Tourism Bureau. The momentum carried through in 2016, but to a lesser extent, with employment growth of 3.7 percent. Statewide, over 4,900 jobs were added in the industry, making it one of the above-average growth rate sectors.

⁴ Only private sector employers included. Education or health care entities run by federal, state, or local government are included in the government employment totals.

Other Services is an industry containing a wide range of establishments, such as repair services, personal care, and membership organizations. In 2016, employment reached a level of 39,500, 660 more jobs than the 2015 level. Employment grew by an annual average growth rate of 1.7 percent.

Government employment increased by 5,763 positions in 2016, a somewhat faster growth rate than exhibited in 2015 but still below the private sector's overall growth rate. There are three levels of government contained in the group: federal, state, and local. Federal government employment, which grew little during and after the recession, has since picked up speed to 3.1 percent growth in 2016. State government grew at a similar pace (3.3 percent) and was primarily driven by growth in state-owned education. Local government grew 1.7 percent in 2016, nearly three times the 2015 growth rate.