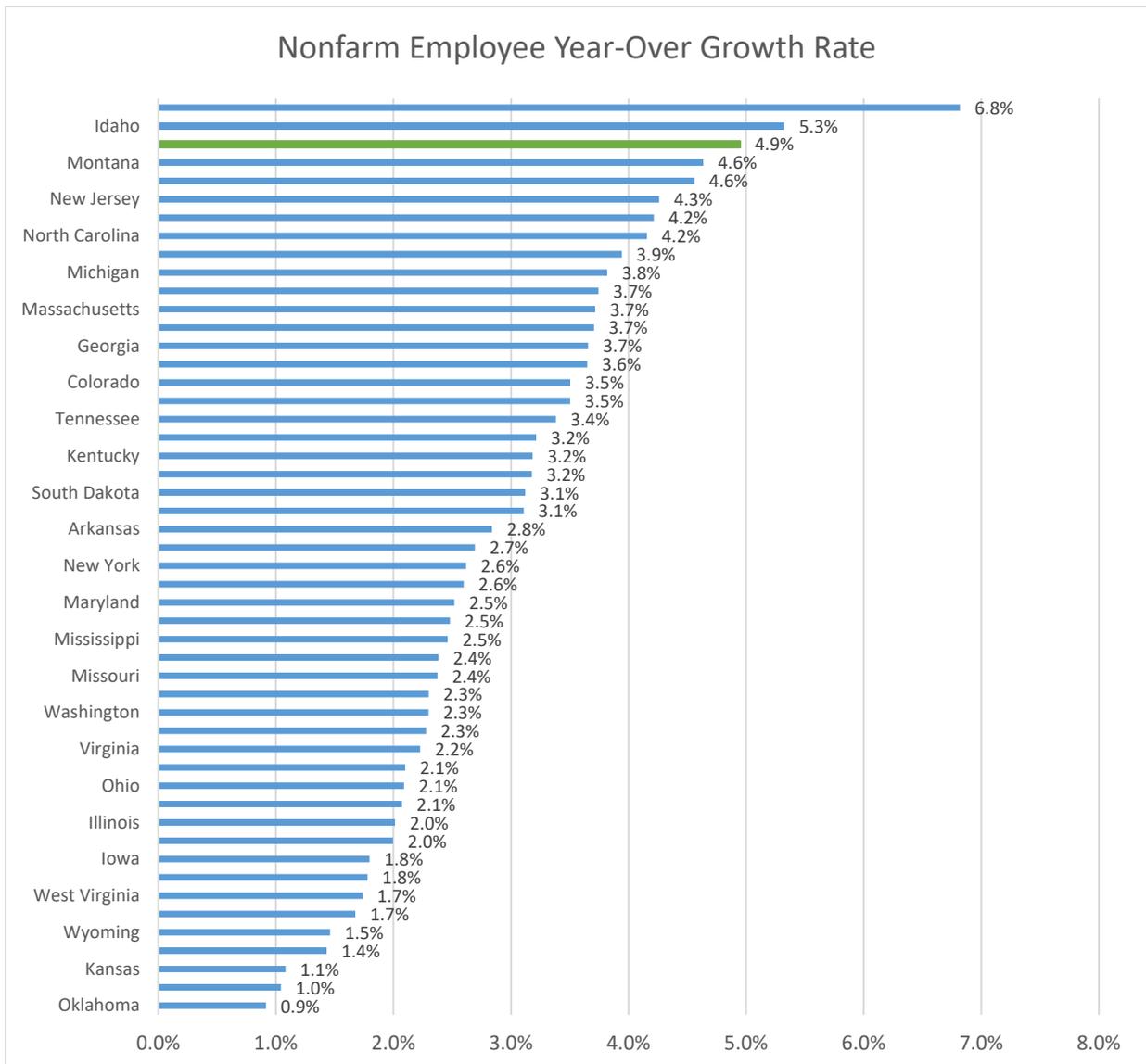


Utah's Economy — 2021

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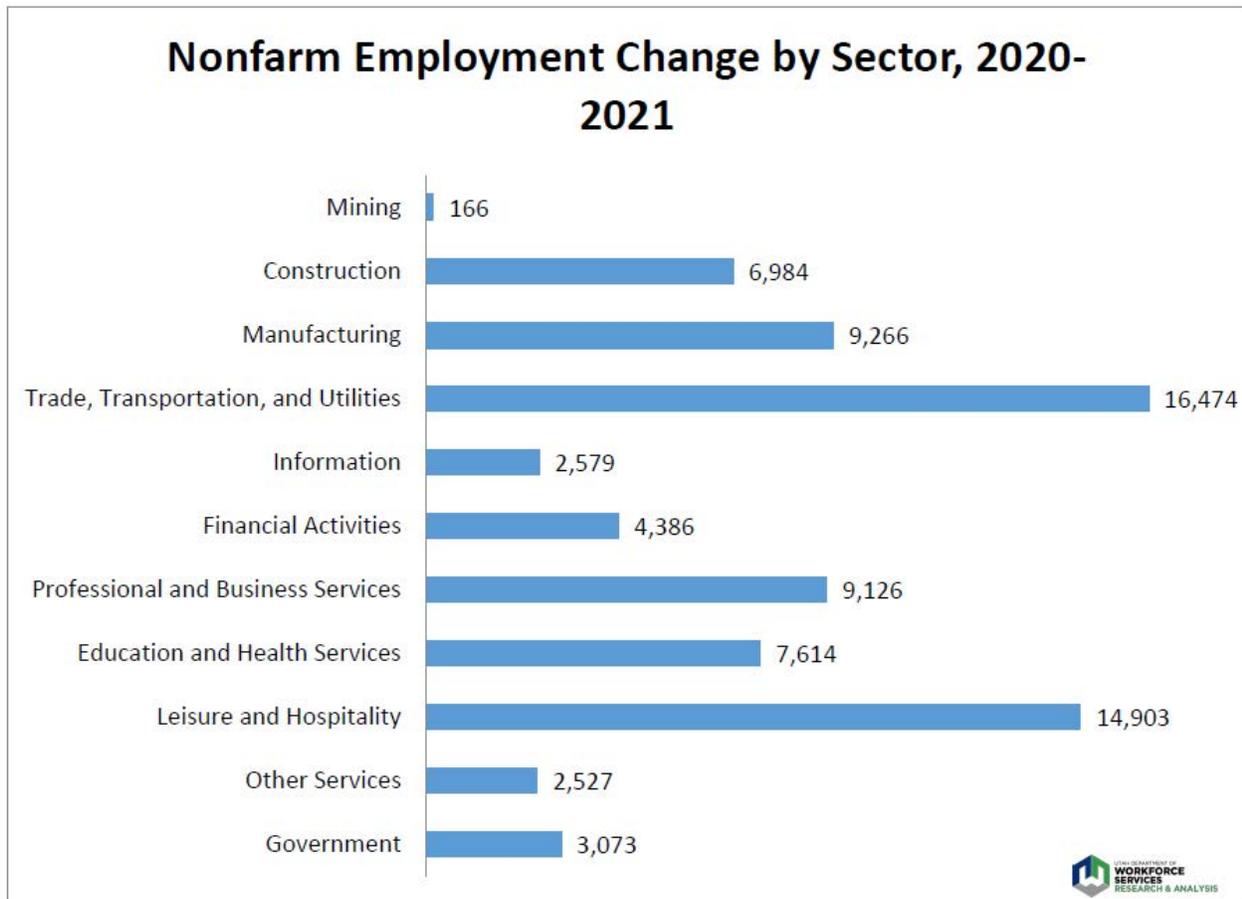
Outline – Utah was a national leader in growth and unemployment during 2021. As pandemic restrictions began to lift, job openings soared, and industries across the board saw growth to above pre-pandemic levels. With opportunity abundant, Utah saw an influx of in-migration that helped fuel high levels of growth through the year despite having few unemployed workers.

After being one of only six states to achieve net growth over 2020, Utah once again shined with an annual 2021 growth rate of 4.9%. Only Idaho, which benefits from the presence of young workers similar to Utah, and Nevada, which is experiencing the rebound of tourism post-COVID, had higher growth rates. Additionally, many states are experiencing artificially high one-year growth rates in part due to pandemic recovery yet still failing to reach pre-pandemic employment numbers



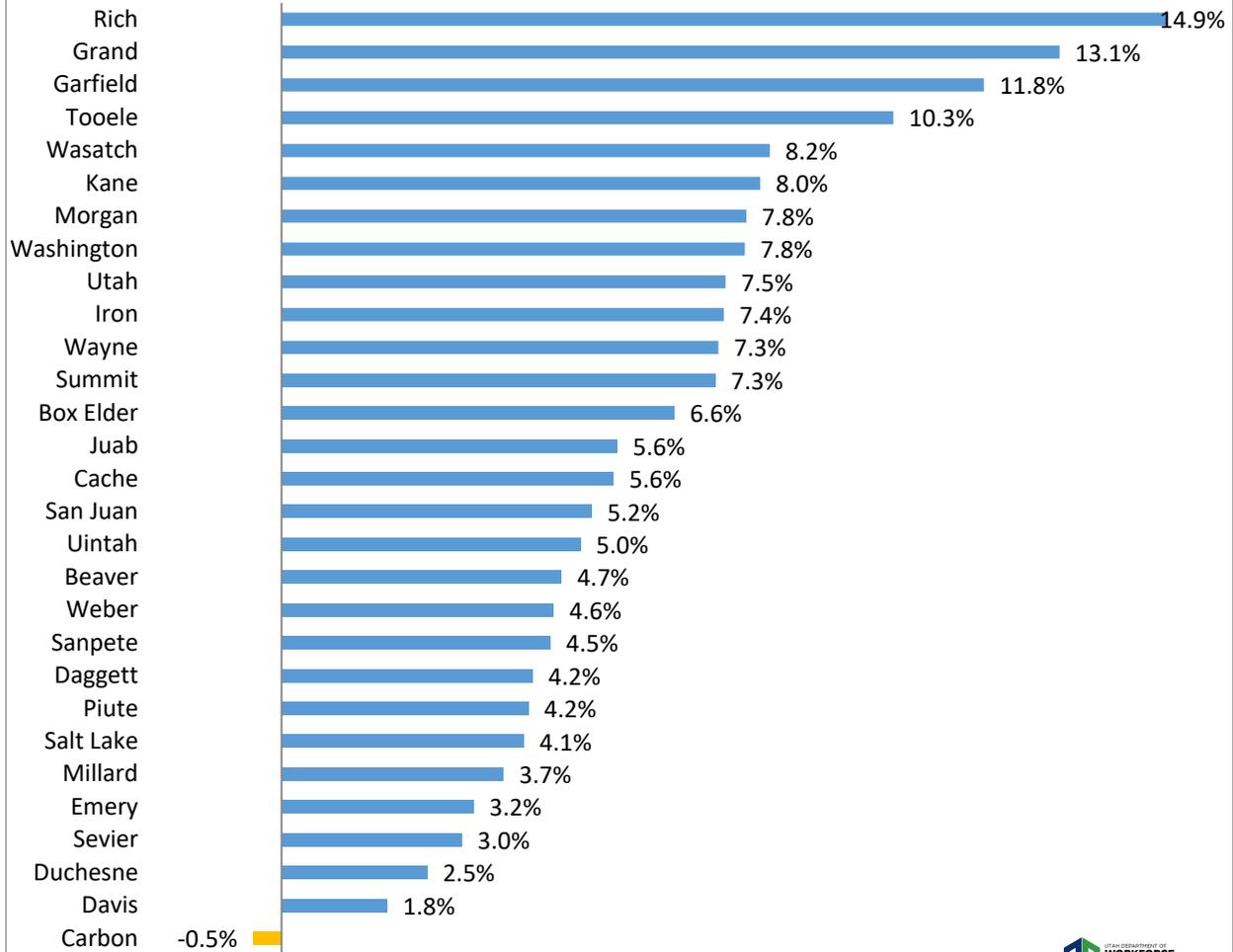
Despite the aggregate positives, Utah was not immune from negative pandemic effects. Jobs were lost in 2020. This year showed the story of recovery, in two ways: through industries and counties. Both speak to the same story of the pandemic’s impact on tourism, in-person jobs, commerce, and other high-contact, high-risk environments.

While 2020 was a mix of losses and growth across industries, 2021 saw gains across the board. The initial large employment loss industry, leisure and hospitality, was among the largest contributors to nonfarm job growth in 2021, adding 14,903 jobs over the year. However, the single largest contributor was trade, transportation, and utilities, adding 16,474 jobs over the year, which was largely growth rather than recovery. Those two industries alone represent over 40% of nonfarm job gains in 2021.

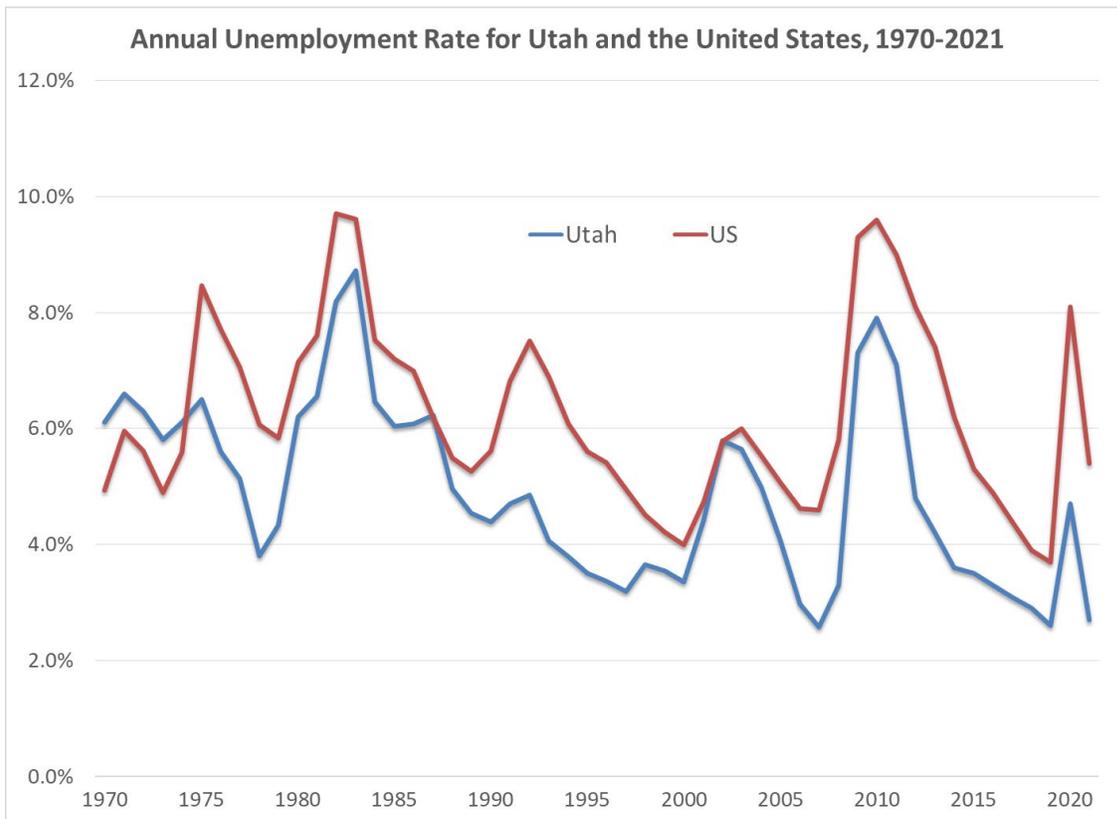


We see a parallel in county employment change. Where in 2020 there were many counties that lost employment, 2021 was a year of both recovery and growth. This is evident in the top four counties, all of which grew by over 10% in 2021. The three counties with the highest year-over growth rates, Rich, Grand, and Garfield, are all tourism-heavy counties. Their performance was mostly recovery. Tooele is high on the list also, but its growth is due to an accounting change where one of its large employers began to report its employment to Workforce Services in Tooele County instead of under the umbrella of its corporate headquarters which is in another county. Therefore, the county with the largest actual growth in 2021 was Wasatch County.

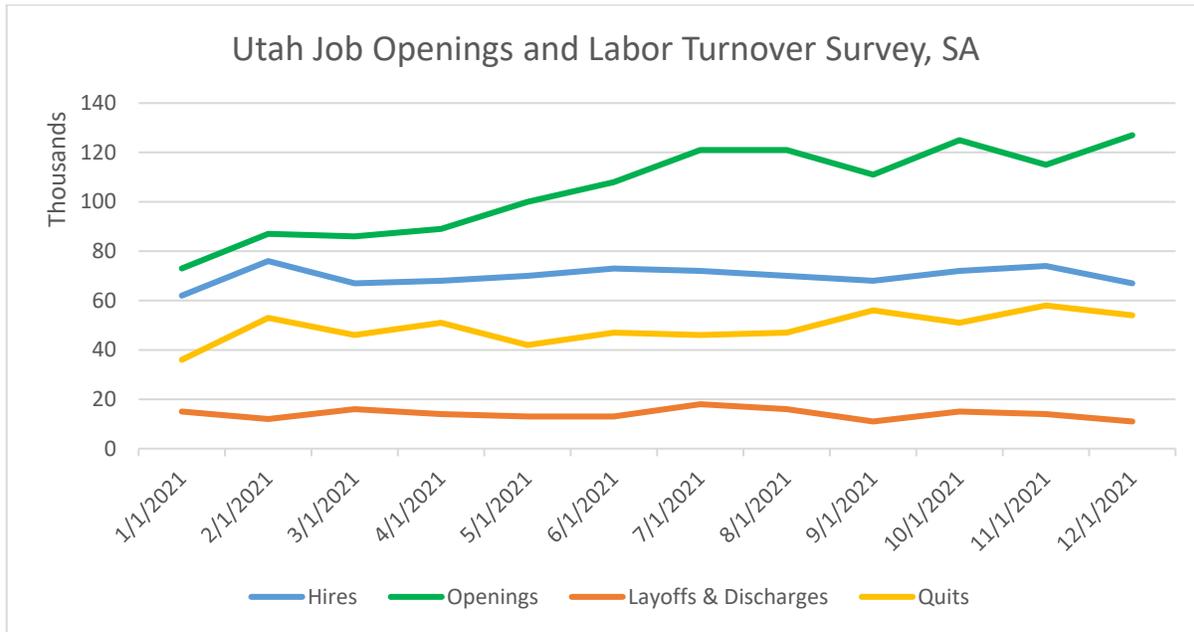
County Employment Change, 2020-2021



It's clear that in 2021, 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 2.7%, plummeting back to pre-pandemic levels. A rate this low speaks to the power of an economy operating at a very full 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 2021, it is due to the combined effects of long-term growth and quick recovery.

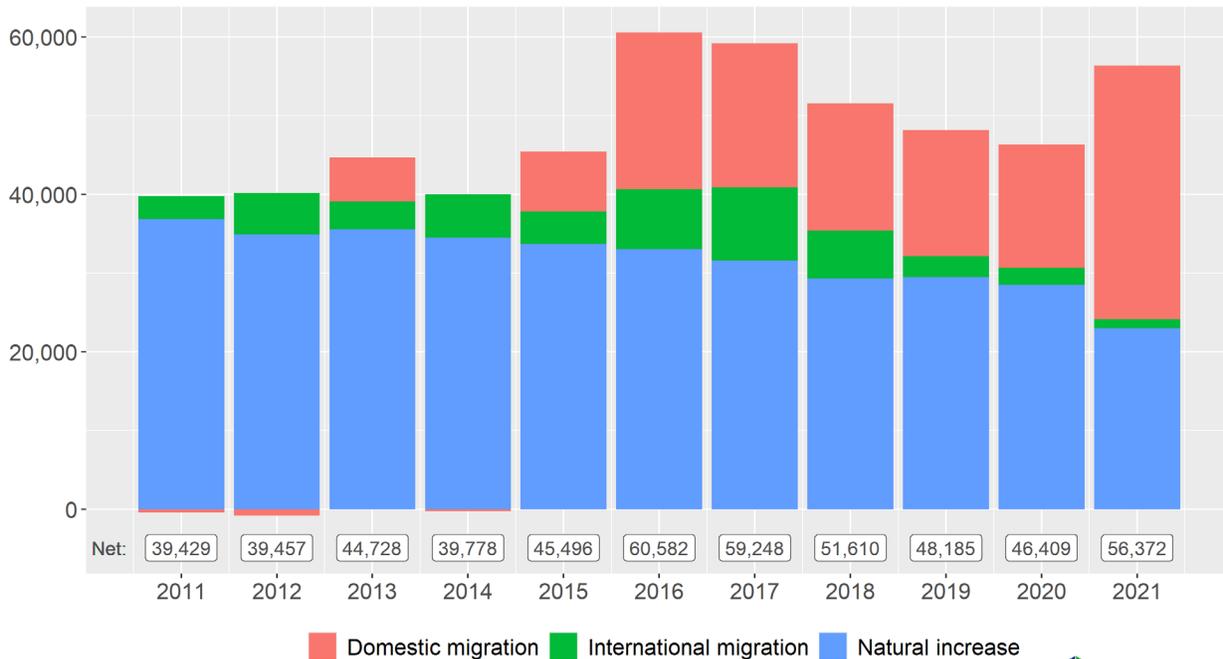


Utah’s labor market was defined by opportunity this year. Job openings hit record numbers in the Bureau of Labor Statistics’ Job Opening and Labor Turnover Survey, reaching almost 130,000 open jobs by the end of the year. This is far above the previous record of 94,000 in 2018. At the same time, quits in Utah failed to hit the same levels as the much-touted “Great Resignation” that occurred at the national level. While quits across the nation spiked to unprecedented levels, the number of Utahns quitting in 2021 peaked at 58,000, which is consistent with pre-pandemic numbers.



When labor is arduous to find, generally growth rates become hindered. For a company to grow, they need to find enough workers to fill new roles. In 2021, unemployment remained low throughout the year signaling a fully-employed labor force, yet the state still achieved one of the nation’s highest growth rates. Utah was able to obtain high employment growth through significant in-migration. 2021 was a landmark year for Utah. The regular fuel for its employment expansion is its high internal birth rate. Every year a larger pool ages into the labor force than ages out. But this year, in-migration supplied more new labor force growth than did the internal aging process.

Utah: Components of population change

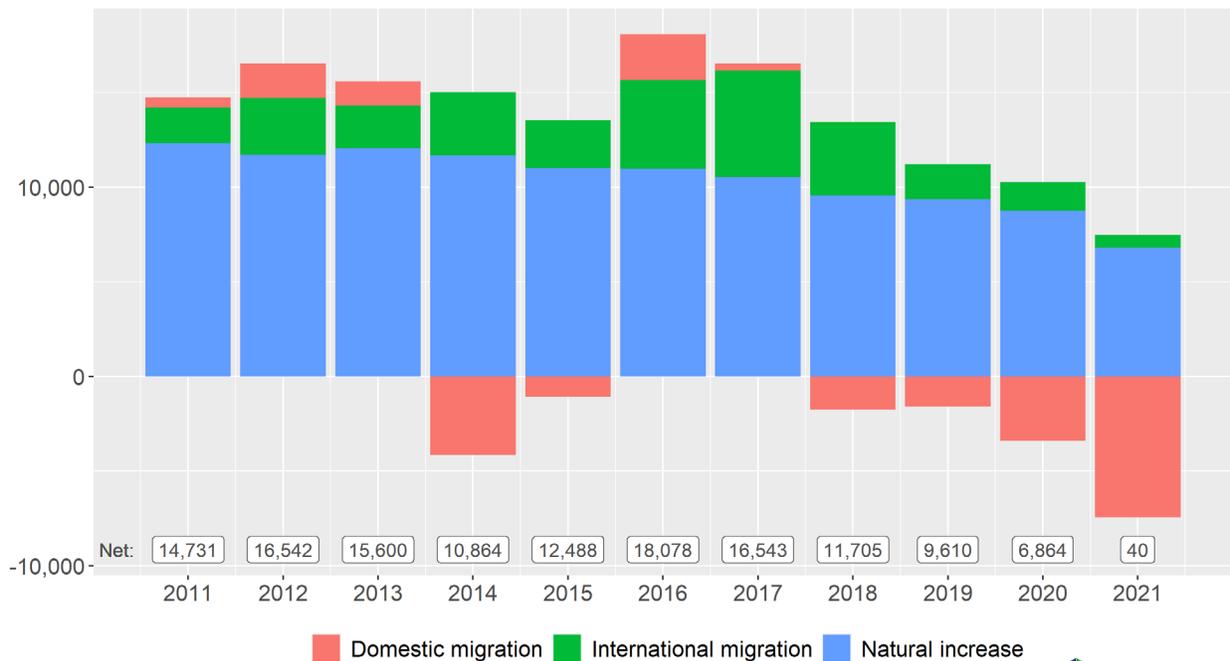


Source: U.S. Census Bureau, Population Division



A wealth of opportunities for employment was certainly a driver in the migration, but a change in commuting dynamics may also be a contributor – specifically telecommuting. When the pandemic forced the shutdown of many in-person jobs, it also forced companies to adapt. Many adopted teleworking policies allowing workers to work from home. Without the need to physically be in the office, distance to the office is irrelevant and working from out-of-state becomes possible. The shutdown of commerce in urban, high-population-density areas made them less desirable at the same time that the importance of being close to those areas, which typically were high-employment centers in addition to population centers, fell. This is seen inside the state with a shift away from the Salt Lake City downtown office environment, and increasing migration to outlying areas such as Washington, Iron, and Cache counties.

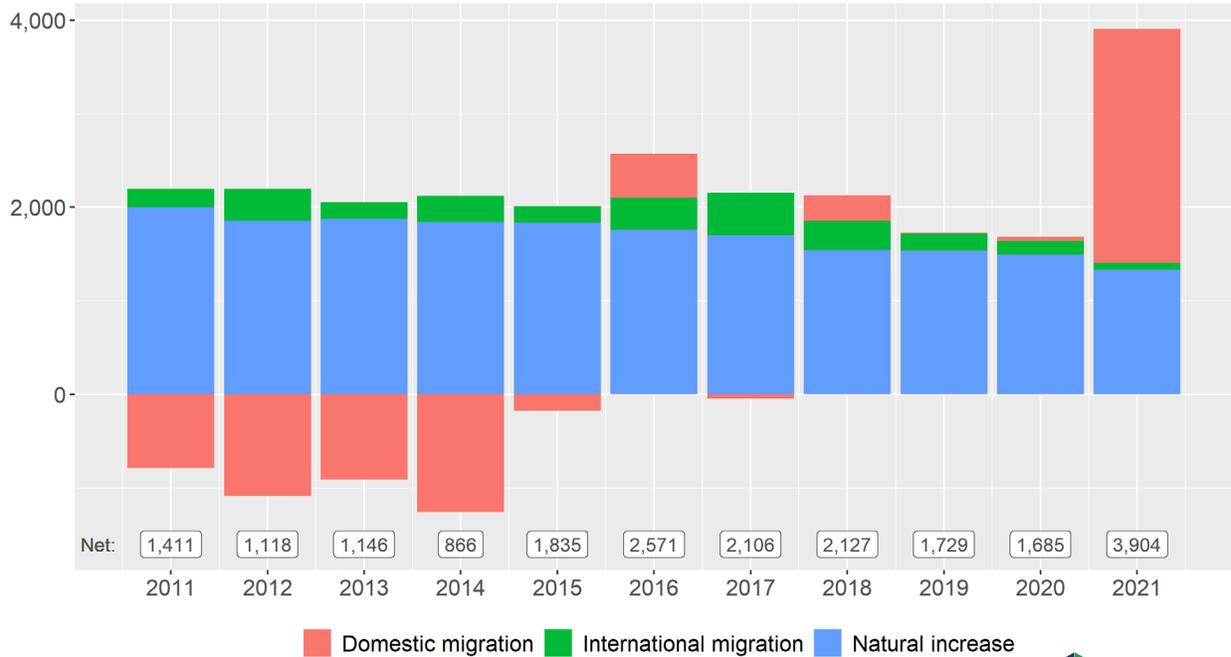
Salt Lake County: Components of population change



Source: U.S. Census Bureau, Population Division



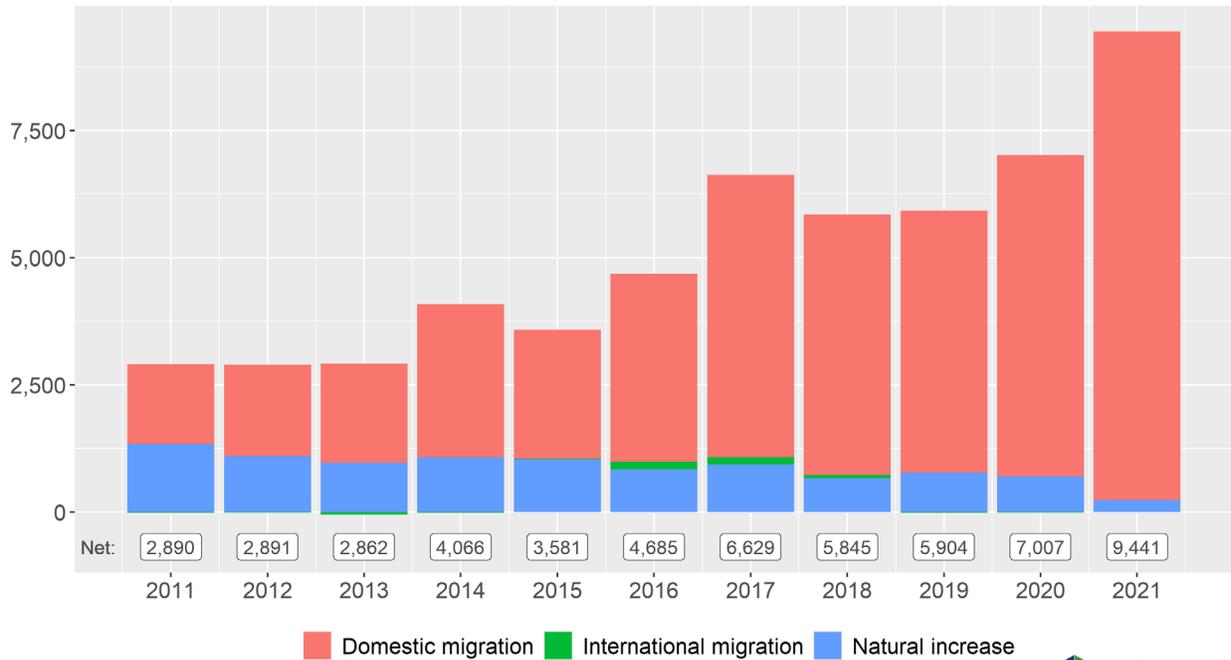
Cache County: Components of population change



Source: U.S. Census Bureau, Population Division



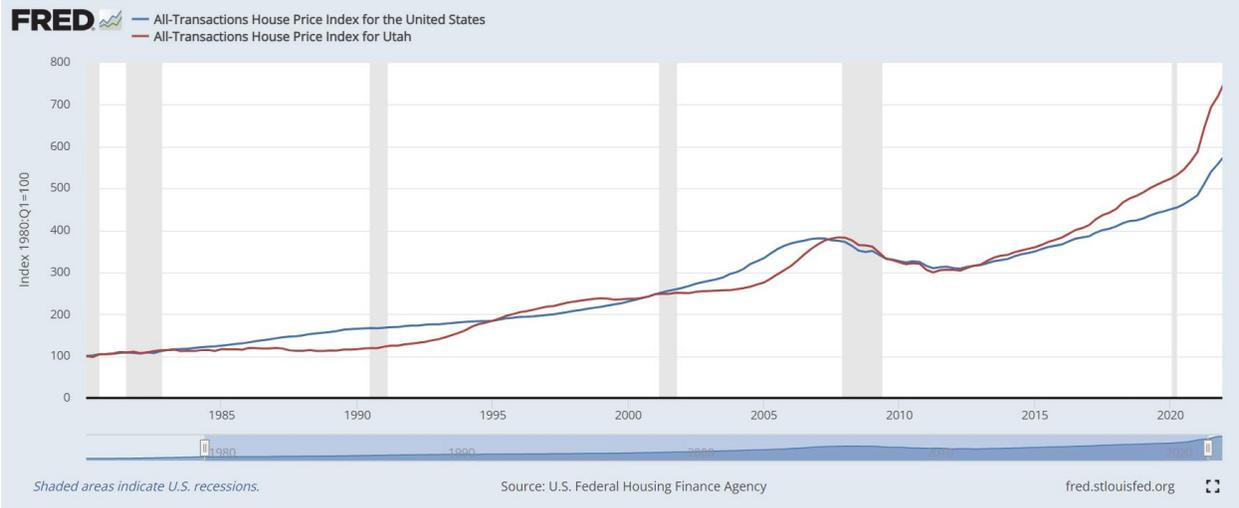
Washington County: Components of population change



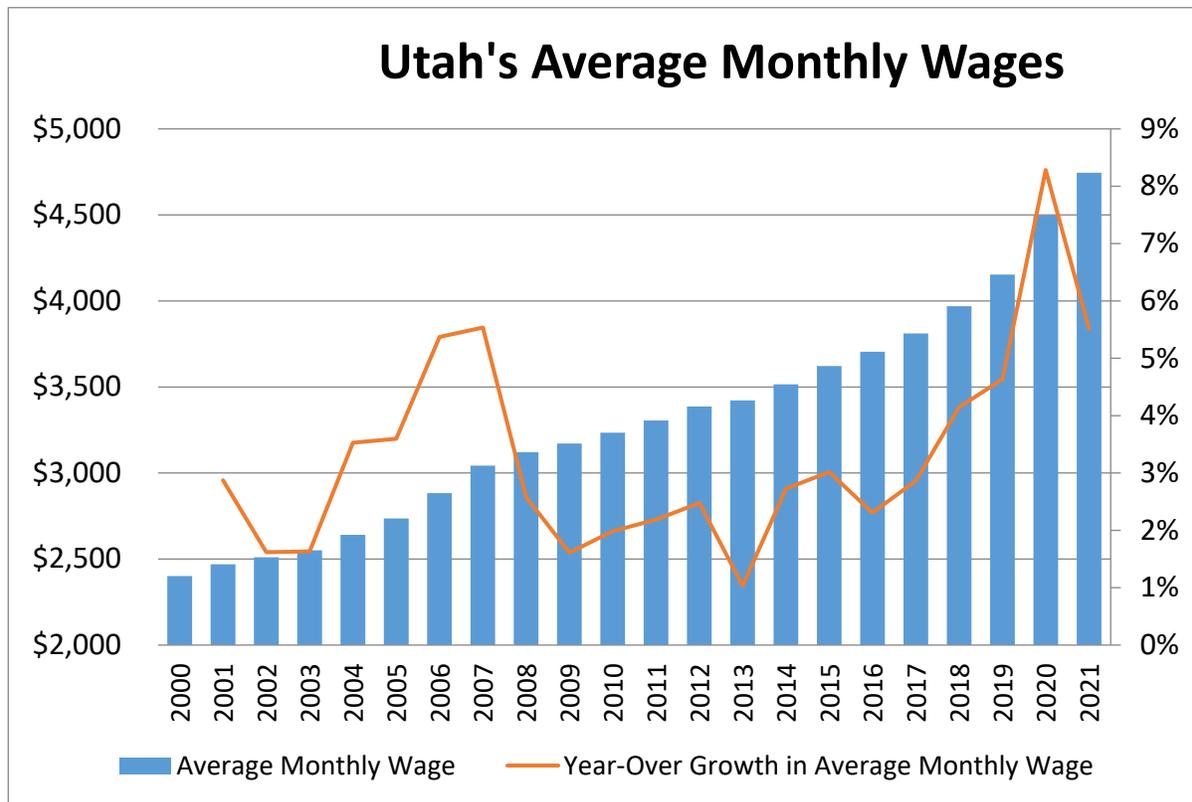
Source: U.S. Census Bureau, Population Division



With increased in-migration to the state, heightened construction costs as supply chains struggled with the global pandemic shutdown, and a deficit of housing construction compared to new household creation [lack of construction of housing, plug Ben’s blog?], housing prices in Utah rose in 2021 faster than the national average.



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 by almost 6%, a higher rate than most of the 2010's when the Utah economy was also booming.



Employment by Industry

Mining employment grew with a return of commerce and with it, the demand for gasoline and jet fuel. High demand for goods through the year increased the demand for oil. While individual counties had mixed gains and losses, the state as a whole saw the creation of almost 200 new jobs, which translates to a 1.9% increase.

Construction continued to thrive in Utah, its monolithic 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 both residential and commercial activities. The in-migration influx in 2021 pushed demand up. With telecommuting becoming normal, the quality of the home office rose in importance. Residential construction was subsequently high through 2021. The industry added almost 7,000 jobs during the year for a 6.1% growth rate.

Manufacturing employment has been positive through 2021. While the method of delivery may have been impacted by the pandemic's initial outbreak, overall demand for goods remained high. However, the pandemic's global disruption affected the international supply chain and material inputs became restricted, especially computer chips. Automobile manufacturing seemed to be the most impacted, but that is not a major component within Utah manufacturing. The industry grew by over 9,000 jobs during the year, a 6.8% growth rate.

Trade, Transportation, and Utilities is a conglomeration of several industries and is the state's largest employment sector. It expanded in 2021 by nearly 16,500 new jobs, significantly higher than the 2020 loss of 500 jobs. Retail trade is the largest subsector, which is the main intersection point of commercial buying and selling. Like leisure and hospitality, retail experienced a return to work and growth beyond, accounting for 11,600 of the jobs in the industry grouping, or 70.7% of total jobs added in the group. Wholesale trade and transportation and warehousing both added around 2,500, while utilities declined slightly, losing 140 jobs over the year.

Information is one of Utah's smaller industry sectors. The industry's largest segments are publishing, motion picture production, broadcasting, telecommunications, data processing and hosting, and internet publishing and broadcasting. Telecommunications, radio and television broadcasting, satellite telecommunications are lost employment over 2021. Conversely, data processing, software publishing grew with additional jobs added by motion picture's recovery. In total, the industry had 2,600 more jobs in 2021 than the year before, a growth of 6.7%.

Financial Activities employment increased by 4.6% with nearly 4,400 new jobs. Activity was added by the in-migration seen in 2021 that spurred on mortgage initiations. While around 35% of these jobs were in Salt Lake County, which is not unexpected as that county accounts for two-thirds of the state's financial employment, more than half was from Utah County.

Professional and Business Services is Utah's third largest employment sector. Employment rolls increased by over 9,100 jobs, a 4.7% gain. This sector has three major subcomponents. The first is professional and technical services. This largely includes many high-paying, high-education jobs, including much of the high-technology classification. This segment added over

6,750 new jobs this year; a growth rate of 6.0%. A second subcomponent is the lesser-paying business services side, which includes among other things employment services, call centers, and building and facilities support. Its employment levels grew by close to 2,400 positions. A third subcomponent is the management of companies (headquarters). Employment here contracted by 215 positions.

Education and Health Services¹ 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 more than 7,600 jobs. Most were in health services (5,900 jobs) as this is the largest segment. Educational services generated an additional 1,700 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. A vibrant Utah economy and the re-opening of restaurants and travel after COVID helped spur this industry. Between growth and recovery, over 14,900 jobs developed in 2021, an incredible growth rate of 11.2%.

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 2021, employment reached 42,564. That is an increase of over 2,500 positions, a growth of 6.5%. While Utah and Salt Lake counties led in total new jobs, several small counties such as Sevier and Garfield 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 84% of all 2021 Utah employment. The private sector gained over 74,000 jobs in 2021 for a growth rate of 4.8%.

Government consists of three classification levels — federal, state and local. Almost 3,100 more government jobs were recorded in 2021 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 the aggregation of 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.

¹ Only private sector employers included. Education or healthcare entities run by federal, state, or local government are included in the government employment totals.