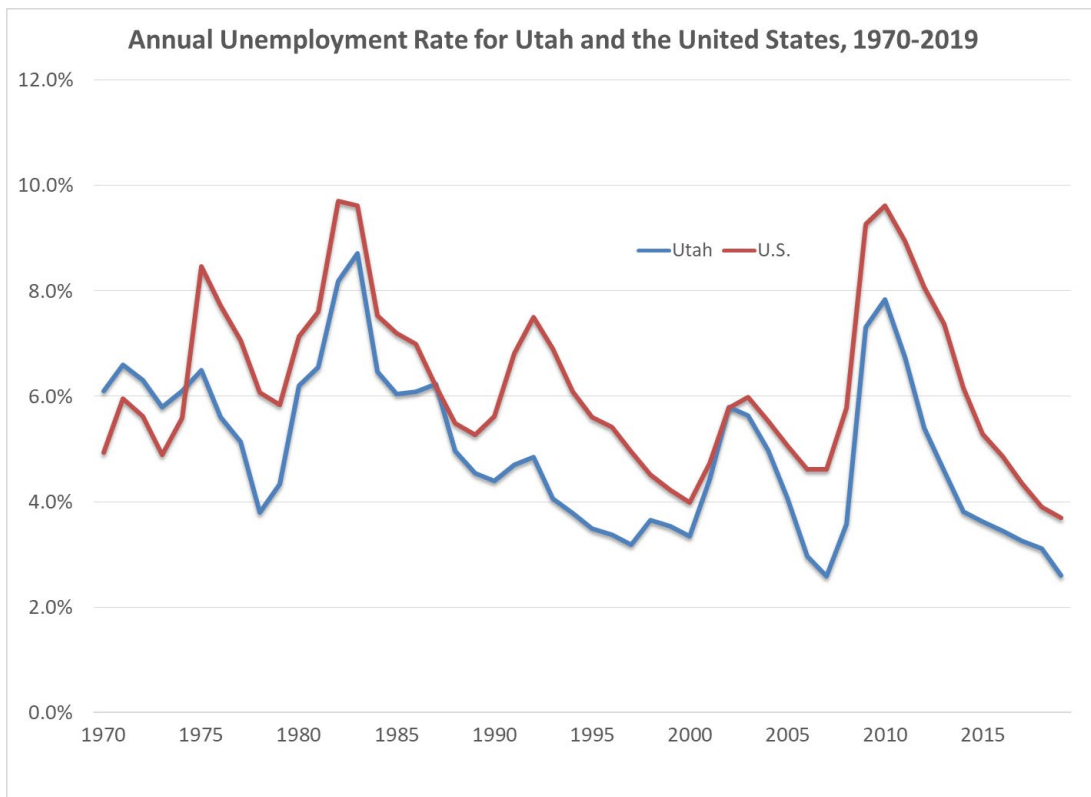


Utah's Economy — 2019

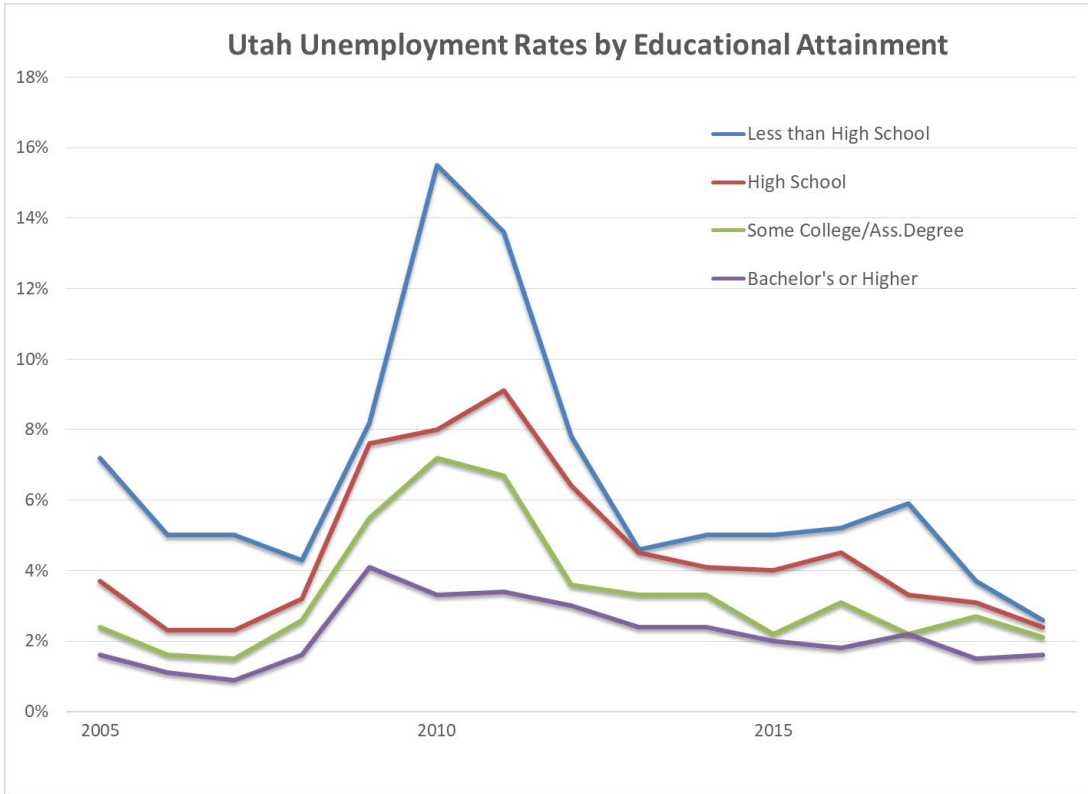
Mark Knold, Chief Economist

The decade's concluding year caps a chronicle centered on Utah's resilient rebound from the decade's starting position—the Great Recession's nadir. By 2012, Utah's characteristic year-over-year employment growth had resumed and has since featured yearly at-or-above-average (3.0%) employment gains. This vibrant decade-long economic story culminates in 2019.

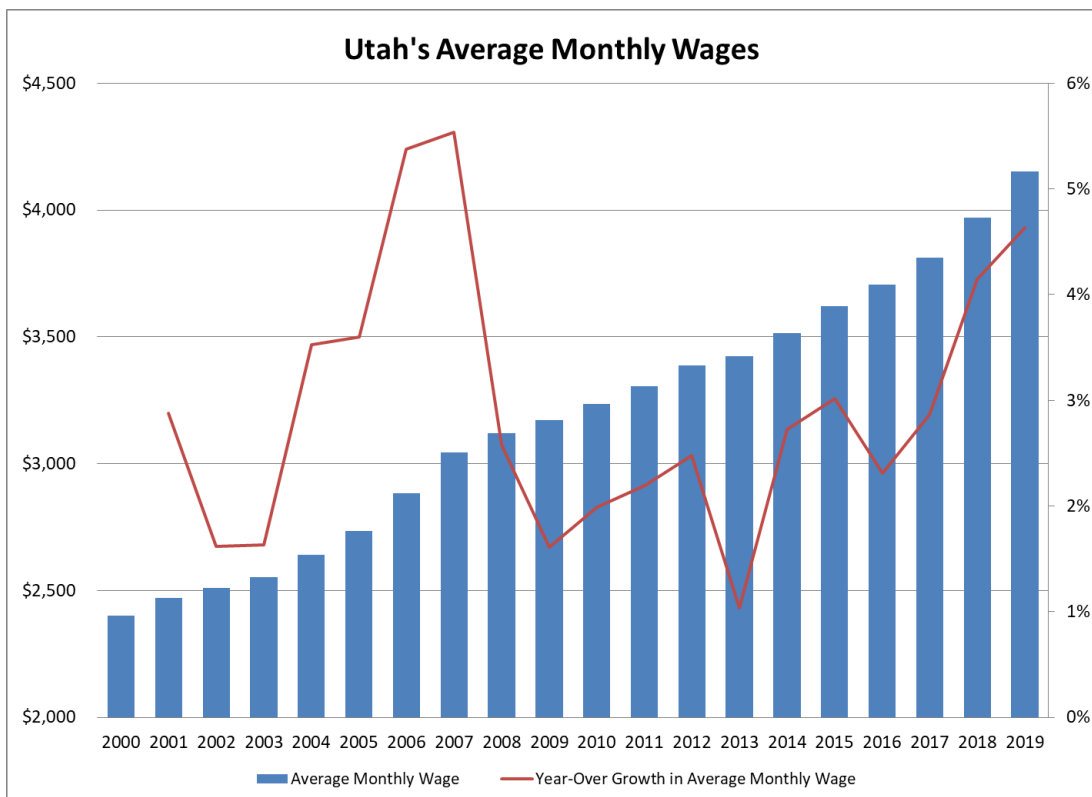
The year's distinguishing characteristic is its 2.6% unemployment rate. A rate this low speaks to the power of an economy operating at its fullest extent. This is only the second time Utah's unemployment rate has been this low, matching another full-employment economy in 2007. In both years, these historically low unemployment rates signal a fully-employed and hard charging economy assembled across multiple years of robust expansion.



Long-running economic expansions tend to lift all ships. It is no surprise that possessing higher education increases one's employment outlook. Workers with the highest education encounter the lowest unemployment rates—even in the weakest of times. It is the lower education levels that undergo the most unemployment volatility, often being slowly and sometimes stubbornly re-employed by the economy. Utah's strong seven-year employment gains have shrunk the unemployment disparity between the highest and lowest education segments to the narrowest gap since these data points were made available in 2005. This melding shows itself through a

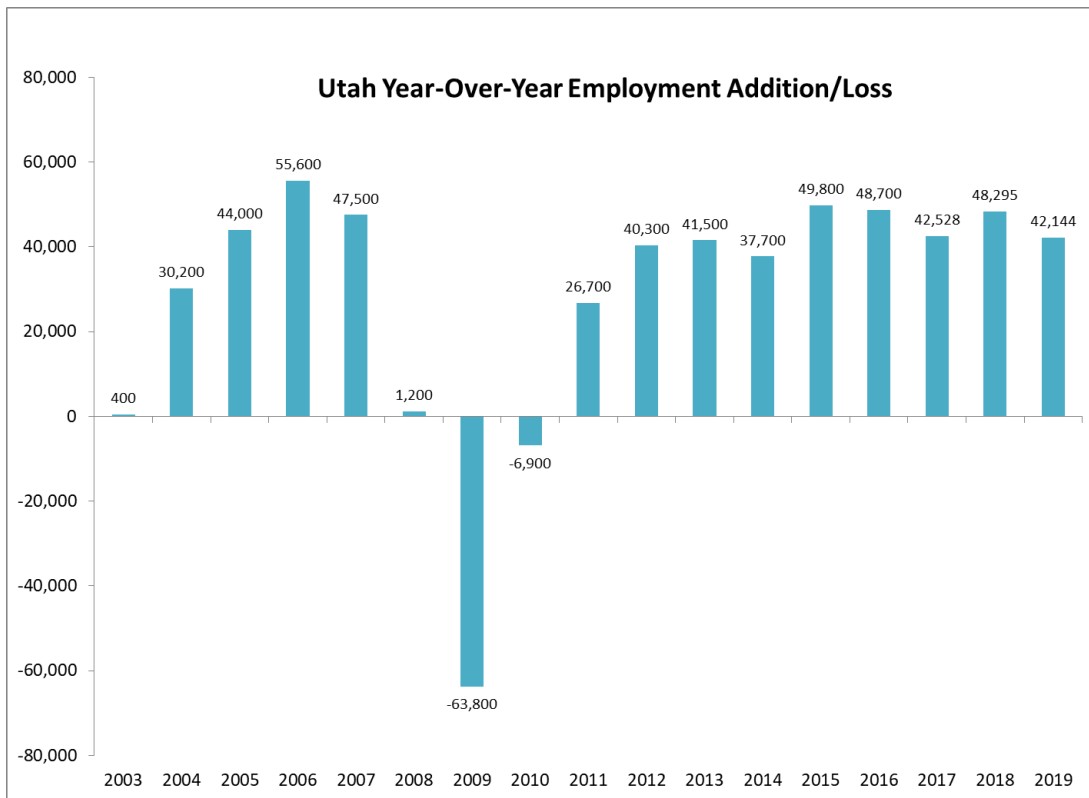


2.6% unemployment rate. This merging also speaks to the inclusive and fully utilizing character of the 2019 economic culmination.

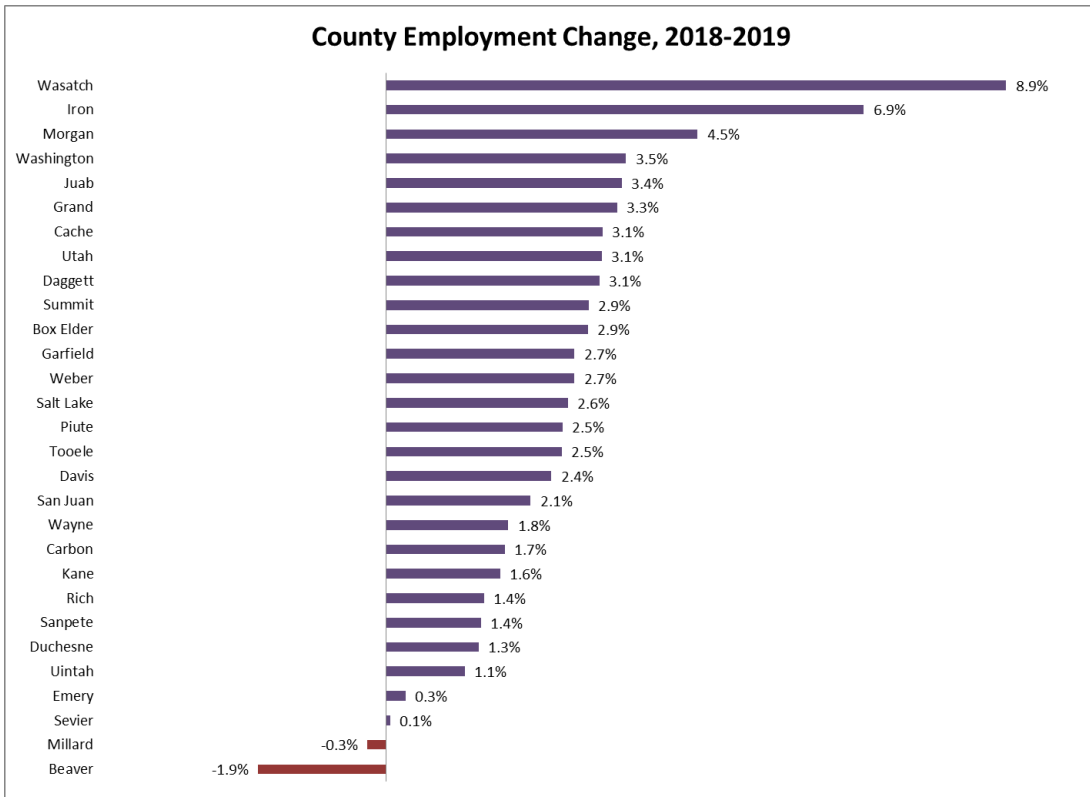


A textbook low-unemployment outcome of full employment across all education tiers is expected strong wage growth. A lack of formidable wage gains throughout much of the Great Recession's rebound was the Great Recession recovery's missing potency. But within the past two years, Utah's wage gains have risen substantially. These gains can anchor their existence upon all education tiers attaining full employment.

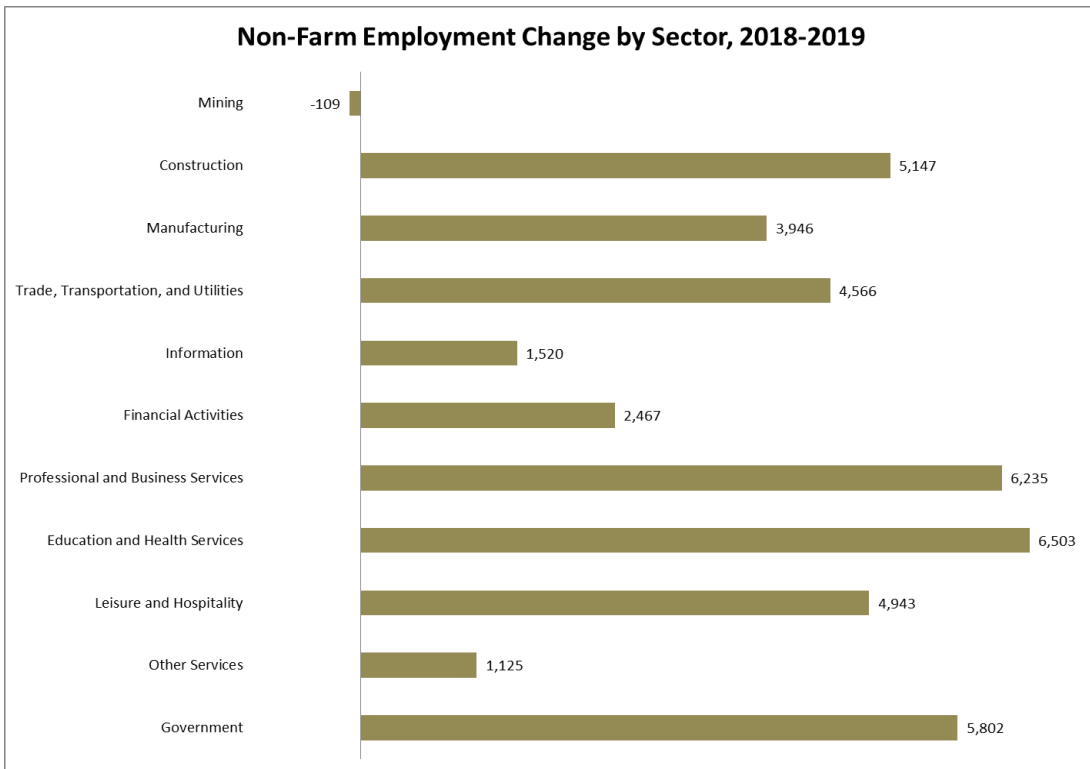
In Utah, 2019 marks a ninth year of employment growth. Seven of those nine have been characterized with over-the-year employment gains of 40,000 jobs or more. That is a robust amount of job growth for Utah, with the equivalent of adding roughly a year's worth of jobs year-after-year equal to the population of the City of Eagle Mountain.



The year's overall job growth measures 2.8%. As the Utah economy gets bigger, it takes a larger quantity of jobs to keep up the high growth rates. Whereas two years ago over 42,000 new jobs produced a 3.0% job growth rate in Utah, just over 42,000 this year only produced a 2.8% job growth rate.



Nearly all counties are benefitting in Utah's economic prosperity. Wasatch, Iron, and Morgan counties had exceptionally high 2019 job growth rates. Only Millard and Beaver counties had fewer jobs in 2019 than in 2018.



Employment by Industry

Mining is the only Utah industry group that lost jobs in 2019. A 100-job loss is not significant, but it does stand out and alone given the pervasiveness of job gains across all other industry sectors. Most of the losses were centered upon Salt Lake County where they could be effortlessly absorbed by other industries. The losses center on metal ore mining. Mining reaches across many Utah counties, and mining job gains or losses yo-yoed among the counties. But in total, that yo-yoing canceled each other out. Therefore, it was the job losses in Salt Lake County that tipped the overall state mining scale to job loss.

Construction always thrives in Utah when the economy is as vibrant as it was in 2019. Job gains amounted to over 5,000 positions, and job growth reached 4.9%. The gains are spread across numerous counties, but given its size and central standing in the Utah economy, over half are in Salt Lake County. Other county-level economic hotspots stand out, like Utah, Davis, and Washington counties, along with anomaly gains in Wasatch and Box Elder counties. Utah's 109,500 construction jobs are the most in Utah's history. At 7.0% of Utah's employment base, construction's percentage is exceeding the long-term norm, but is not alarming as it reflects a need for Utah infrastructure and housing to keep up with population growth and the house-building deficit across many years of the post-Great Recession environment.

Manufacturing gains in Utah continue to buck the national trend of declining manufacturing employment. Nearly 4,000 jobs developed in 2019 for a second straight year with a growth rate of 2.9%. The four major Wasatch Front counties accounted for 69% of all manufacturing job growth. Manufacturing is a proportionally heavy part of both Cache and Box Elder counties economies, and each experienced over 300 new jobs. Off the Wasatch Front manufacturing made noted gains in Sanpete, Iron, and Wasatch counties.

Trade, Transportation, and Utilities is a conglomeration of several industries and is the state's largest employment sector. It expanded in 2019 by over 4,500 new jobs, but that is less than 2018's 7,800 new jobs. Retail trade is the largest subsector, but grew by only 0.5%, which is much below the growth rates seen in recent years past. The downsizing pressures upon the big box retailers from online sales is an explaining factor. Transportation employment increased by 2,500 positions, led by air transportation and trucking.

Information is one of Utah's smaller industry sectors but had a good 2019 with the addition of over 1,500 new jobs. The industry's largest segments are publishing, motion picture production, broadcasting, telecommunications, data processing and hosting, and internet publishing and broadcasting. Publishing, telecommunications, and data processing are where the industry's job gains developed. There were some job losses in motion picture production.

Financial Activities employment increased by 2.8% with nearly 2,500 new jobs. A large percentage developed in Salt Lake County, but that is not unexpected as that county accounts for two-thirds of the state's financial employment. Gains outside of Salt Lake County are noted in Utah, Weber, Cache, and Washington counties.

Professional and Business Services added over 6,200 new jobs, the second highest job gains by industry. This is a commendable 3.3% job growth, but notably lower than last year's 5.1% pace. This is Utah's third largest employment sector. Professional and technical services is the sector's most impactful subset as it includes many high-paying, high-education jobs, including much of the high-technology classification. This segment added nearly 4,800 new jobs this year; a growth rate of 4.5%. The lesser-paying business services side grew by 1.0%, adding 900 new jobs.

Education and Health Services¹ is an industry where its product demand is driven by population growth. As Utah's population is generally a perpetual upswing, especially with recent additions from in-migration, this industry added more than 6,500 jobs. Most were in health services (4,900 jobs) as this is the largest segment. Educational services generated an additional 1,600 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. Vibrant Utah and national economies help spur this industry along as tourism flourishes. Over 4,900 new jobs developed in 2019. Restaurants and lodging in the major metropolitan counties account for much of this gain, but in the smaller, rural Utah counties where this industry is so vital, over 900 jobs developed.

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 2019, employment reached 42,379. That is an increase of more than 1,100 jobs and a 2.7% gain. Not surprisingly, most of this sector's jobs are in Salt Lake County.

All of the above industry sectors constitute the **Private Sector**, a conglomerated description of all industries not classified as government. This conglomeration accounts for 83.7% of all 2019 Utah employment. The private sector added 36,340 new jobs in 2019 for a growth rate of 2.9%. Salt Lake and Utah counties alone accounted for 65.7% of these private-sector employment gains.

Government consists of three classification levels — federal, state and local. Over 5,800 additional government jobs were created in 2019 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 37,000 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 health care entities run by federal, state, or local government are included in the government employment totals.