

UTAH'S Economy

A monthly report produced for COMMERCE REAL ESTATE SOLUTIONS by Jim Wood, Bureau of Economic and Business Research University of Utah

ISSUE 75 FEBRUARY 2011

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RECENT PROJECTIONS FOR THE UTAH ECONOMY - 2011

The Revenue Assumption Committee¹ released the most recent 2011 projections of Utah's major economic indicators on February 22, 2011, *Table 1*. These projections revised the committee's November projections. Of the 11 indicators, six were revised higher and four were left unchanged and one—net in-migration—was revised lower.

The important indicators of employment and wages are slightly higher, while the net in-migration projection was reduced from about 10,000 to 2,500. Although the changes are relatively small, the direction of change is most important. The improving indicators show increasing optimism by local economist for the Utah economy in 2011.

One sign of an improving economy is increasing tax revenues. General and Education Fund revenues for Utah are up 12.6 percent or \$280.5 million in FY 2011, *Table 2*. Most impressive is the increase in income taxes of \$115 million, an indicator of a recovering job market.

Employment Projections

At the Revenue Assumption Committee meeting the Department of Workforce Services presented employment projections to 2012. When compared to the number of

¹ The Revenue Assumption Committee provides a consensus forecast for Utah's major economic indications that is used by the Legislative and Executive branches of state government in producing state tax revenue forecasts

Table 1 Change in Utah's Major Economic Indicators

Economic Indicators	Nov. 2010	Feb. 2011	Direction of Change
Nonagricultural Employment (000)	1,196.5	1,198.2	↑
Unemployment Rate	7.1%	7.1%	↔
Total Wages (billion)	\$47.2	\$47.3	↑
Average Annual Wage	\$39,433	39,491	↑
Total Personal Income (billion)	\$94.0	\$94.3	↑
Net Migration (000)	10.0	2.5	↓
New Auto/Truck Sales (000 vehicles)	80.7	81.6	↑
Residential Units (000)	11.0	11.0	↔
Residential Valuation (million)	\$2.0	\$2.0	↔
Nonresidential Valuation (million)	\$0.7	\$0.8	↑
Taxable Retail Sales (billion)	\$26.4	\$26.4	↔

Source: Revenue Assumption Committee.

jobs in 2007 these projections show the severity of the recession in Utah. By 2012 employment in Utah will be 1.7 percent below the job level of 2007. Over the five-year period, the two hardest hit sectors, construction and manufacturing, will be down 32.6 percent and 9.8

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Table 2 Tax Revenue in Utah (Millions)

	FY 2010 Revenue 2/7/2010	FY 2011 Revenue 2/7/2011	Percent Change	Absolute Change
Sales and Use Taxes	\$ 861.1	\$ 965.6	12.1%	\$104.5
Individual Income Taxes	\$ 1,170.5	\$ 1,285.5	9.8%	\$115.0
Corporate Taxes	\$ 97.5	\$ 100.9	35.0%	\$ 3.4
Beer, Cigarette & Tobacco Taxes	\$ 30.1	\$ 76.6	154.7%	\$ 46.5
Insurance Premium Taxes	\$ 44.0	\$ 40.7	-7.7%	-\$ 3.4
Severance Taxes	\$ 27.6	\$ 42.1	52.7%	\$ 14.5
Total	\$2,230.70	\$2,511.20	12.6%	\$280.5

Source: Utah State Tax Commission.

percent respectively. In sharp contrast is the healthcare sector which is projected to be up 18.2 percent, *Table 3* and *Figure 1*.

Note on Demographics

In February the U.S. Census Bureau released population estimates for Utah's counties and cities.

In summary, the overall population of the state was not as high as estimates made by the Governor's Population Estimates Committee. In addition, the share of minorities is higher than expected.

Between the decennial census years (2000 and 2010) annual population estimates for the state and counties were made by the Governor's Utah Population Estimates Committee. These estimates are known as the intercensal estimates. When the decennial Census numbers are released the local estimates are brought into line with the Census estimates.

The state the local estimates were about 3 percent higher than the Census estimates; an overestimate of 85,000 persons; 2,849,000 compared to the Census estimate of

Table 3 Employment Projections for Utah

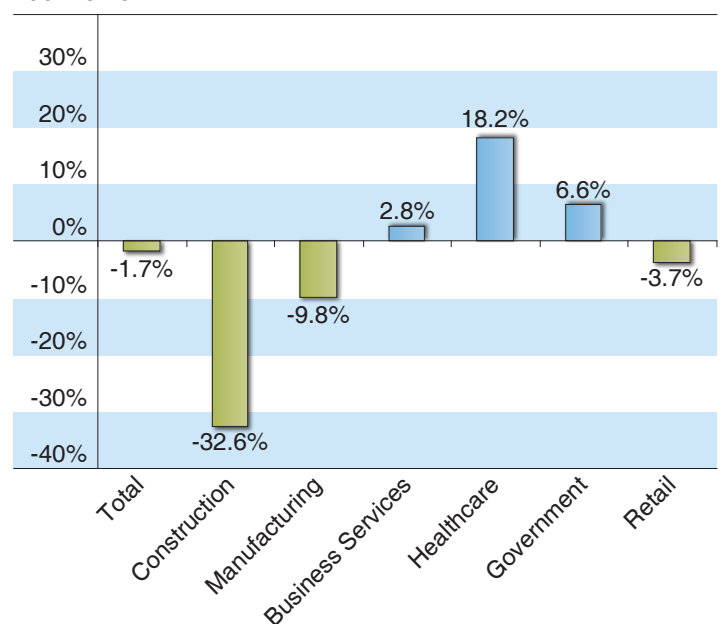
	2007	2012 Projection	Percent Change
Total	1,251,282	1,230,600	-1.7%
Construction	103,450	69,700	-32.6%
Manufacturing	127,695	115,200	-9.8%
Prof. Business Services	161,022	165,500	2.8%
Healthcare	139,991	165,500	18.2%
Government	206,868	220,500	6.6%
Retail	147,851	142,350	-3.7%

Source: Utah Department of Workforce Services.

2,764,000. The two counties most disappointed by the Census numbers were Washington and Utah Counties. Washington County's population in 2010 is estimated at 138,100 rather than the 150,000 anticipated by local estimates; 8 percent lower than assumed. Utah County's Census population is 516,600 more than 4 percent lower than the local estimate of 540,000.

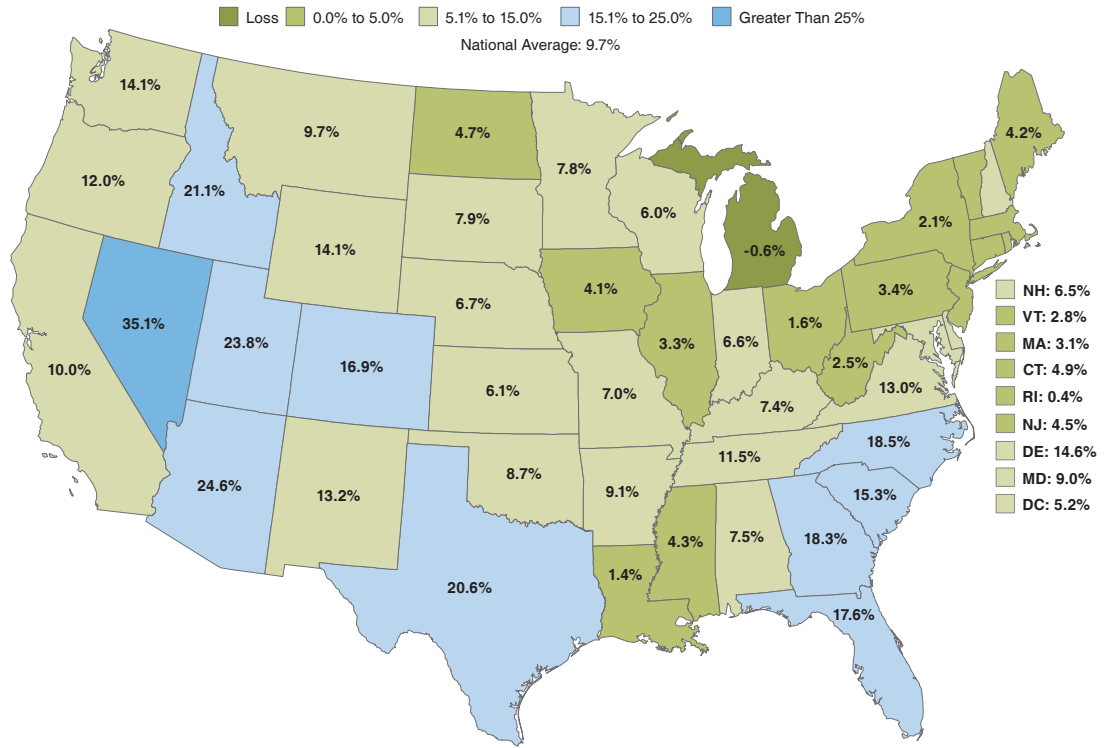
Minorities account for 19.6 percent of the Utah population, higher than expected. The composition of the minority population shows that Hispanics with a population of 358,350 account for 66 percent of the minority population and 13 percent of the total population. Asians rank second in numbers with 10 percent of the minority population but only 2 percent of total population. Every minority category, with the exception of Native American, is growing significantly faster than the Caucasian population. Utah like the rest of the country is becoming more diverse and diversity is adding to the rate of population growth. Between 2000 and 2010 the state's population grew by 530,700 and 40 percent of this growth—213,262—was the increase minority population.

Figure 1 Percent Change in Employment by Selected Sector 2007 to 2012



Since 2000 only two states have had higher rates of population growth than Utah's 23.9 percent gain; Nevada at 35.1 percent and Arizona at 23.8 percent, *Map 1*.

Map 1 2000 to 2010 Population Change



Source: U.S. Census Bureau, decennial censuses, <http://2010.census.gov/2010census/data/>.
Map by John C. Downen, BEBR, University of Utah, 12/29/2010.