ECONOMIC REPORT

to the

GOVERNOR

HIGHLIGHTS

PREPARED BY THE

UTAH ECONOMIC COUNCIL

A collaborative endeavor of
David Eccles School of Business and
Governor’s Office of Management and Budget
Utah’s decade-long expansion, the longest on record, ended in 2020 with the emergence of COVID-19. The public health crisis presented the greatest challenge to the Utah economy since the Great Recession. In the early spring, the forecast for 2020 was bleak as the unemployment rate in April climbed to roughly 10%. But as the year unfolded, the resiliency of the Utah economy was on full display. By November, Utah’s year-over-year employment was down -0.2%, one of the smallest employment declines of any state, and the unemployment rate had dropped to 4.3%. Nationwide employment was -6.0% and the unemployment rate was 6.7%.

Although the job market in Utah has fared better than in any other state, not all industries escaped the impact of COVID-19. Tourism has been hard hit, with national park visits down 32%. Bryce Canyon suffered the worst decline with a drop of 32% in visitations. Third-quarter data for accommodations services (hotels and motels) show a drop of 22% in lodging. Restaurants and fast food establishments have also been hurt, but the impact appears to be less than expected. Take-out and delivery have given some buffer to sit-down restaurants. Retail sales activity overall has been surprisingly strong. The 2020 forecast for taxable retail sales shows an increase of 13.3%, with building and garden establishments and grocery stores particularly strong.
Utah exports in 2020 are forecast to reach $17.6 billion, the third-highest year on record. Notably, the value of other export commodities (excludes gold) at $8.7 billion will be the highest ever, with electronics and agricultural products among Utah’s major export products. The forecast for residential construction shows a record of 30,745 dwelling units, surpassing the previous record high of 28,285 in 2005. The value of residential construction will top $6.3 billion. The housing boom in apartments and condominiums continues, and single-family construction will have the best year since 2006. Housing demand has not slowed with COVID-19, as historically low mortgage rates attract buyers to the market. The strong demand has pushed up housing prices. The median sales price of a single-family home in Utah will be up by 11% to $385,000 in 2020. The construction boom includes nonresidential construction with $2.3 billion in value in 2020. The total value of permit authorized construction (residential, nonresidential, and additions, alteration and repairs) will be $10.3 billion in 2020, a record year as well.

While the public health crisis has been tragic, the impact of the pandemic on the Utah economy has been much milder than initially expected. And a strong recovery is forecast for 2021, with employment increasing by 58,000 jobs, which would be the largest single-year increase in employment in Utah’s history.

### Economic Diversity, 2019

According to the Hachman Index, a measure of economic diversity, Utah and Missouri led the nation in economic diversity in 2018 with scores of 97.1 and 96.8, respectively, based on gross domestic product by industry. A higher score, closer to 100, indicates more economic diversity. A timely example of the advantage of diversity is the impact of globalization and tariffs on state economies. Those states with employment concentrations in auto, textiles, or steel production experienced severe job losses. In contrast, Utah’s economic diversity provided added protection from the negative impacts of tariffs.