

2022

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 Planning and Budget

2022 Economic Report to the Governor

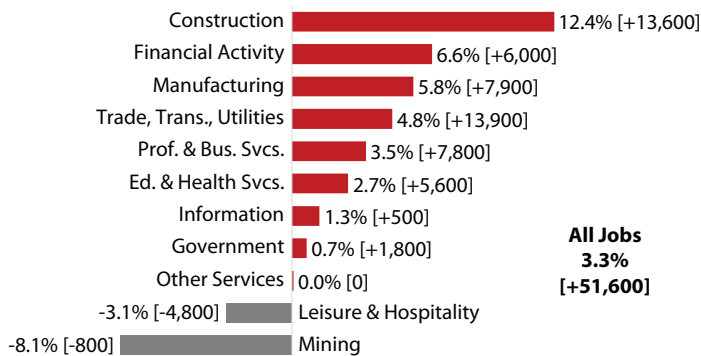
2021: Major bounce back from pandemic shock 2022: Substantial economic expansion

Utah bounced back in 2021 from the pandemic recession shock. The state added a record-breaking 72,500 jobs over the year, recovering the 20,900 jobs lost in 2020 and gaining an additional 51,600 new jobs. Nationally, the jobs base is still 3.3% smaller than pre-pandemic. In 2021, only Utah and Idaho had more jobs than in 2019. The state's recovery has been widespread, but pockets of challenge remain. The leisure, hospitality and mining industries have yet to reach their 2019 peaks. Three counties—Garfield, San Juan, and Uintah—experienced unemployment rates in 2021 that were twice the statewide average.

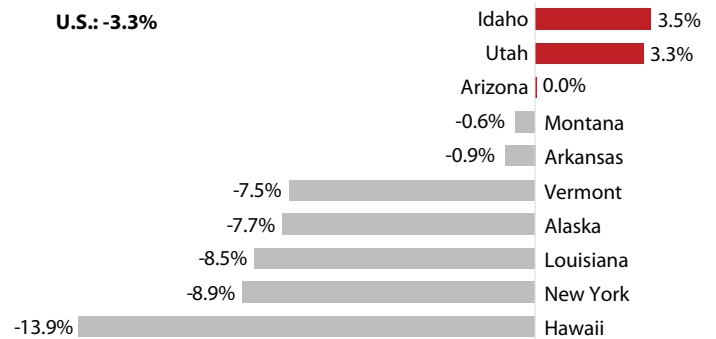
Though it has yet to fully add back all jobs lost in 2020, on account of both the severity of the loss and a tight labor market, the travel and tourism sector shone bright in 2021. Despite operating under pandemic conditions and international travel restrictions, Utah ski resorts experienced a record number of skier visits during the 2020-21 season. Preliminary data suggest that visitors to Utah's state and national parks also hit a record high in 2021.

Net in-migration reached a 16-year high in 2021, with nearly 35,000 new residents moving in from out of state. Population growth, combined with job and wage growth and low interest rates, fueled the ongoing real estate and construction boom. The value of

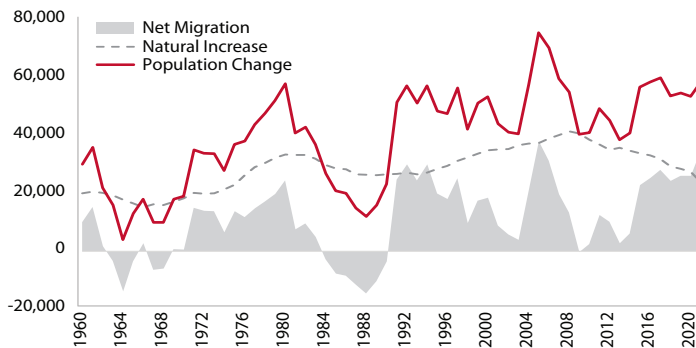
Utah's Employment Change by Industry, 2019–2021



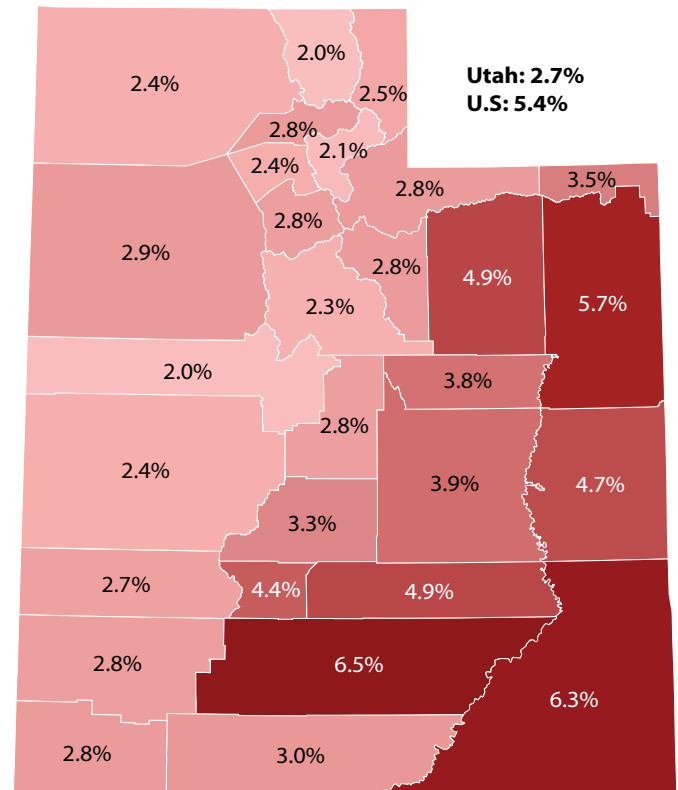
States with Smallest Job Contraction, 2019–2021



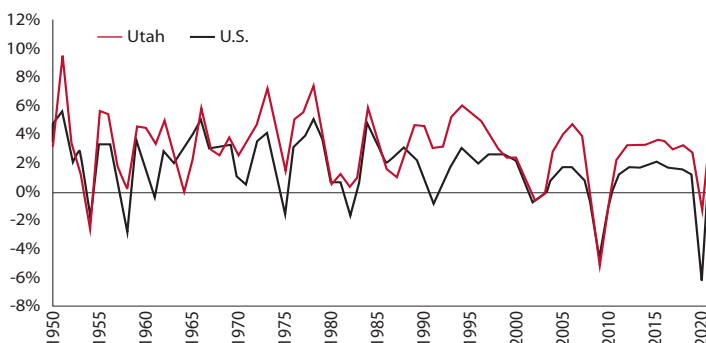
Utah Components of Population Change, 1960–2021



Utah's County Unemployment Rates, 2021



Utah and U.S. Annual Job Change History, 1950–2021



2022 Economic Report to the Governor

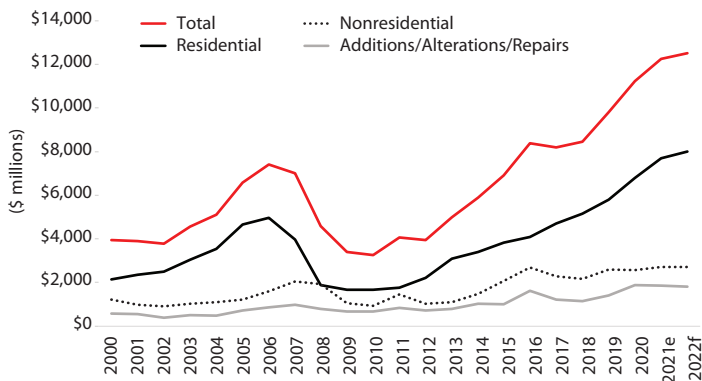
2021: Major bounce back from pandemic shock 2022: Substantial economic expansion

nonresidential construction reached a new peak of \$2.7 billion, and builders permitted a record 35,500 new dwelling units, despite supply-chain challenges and price pressures. Strong demand continues to boost home prices, which increased a never-experienced 23.5% over the year.

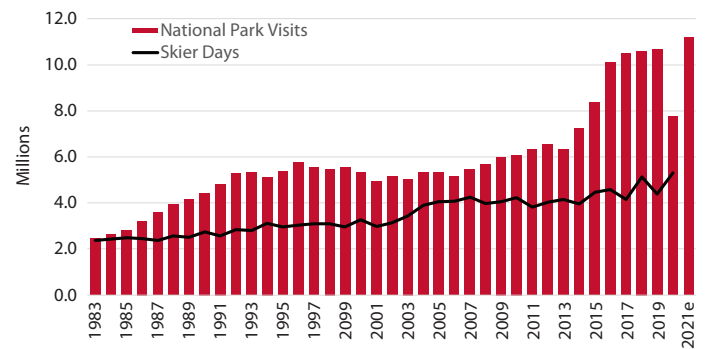
The consensus forecast predicts another year of substantial economic expansion in Utah in 2022. The most pressing internal risks will be growth-driven challenges like a limited labor supply, increasing costs, and housing affordability. Declining fertility, air quality, and water challenges will also add pressure. COVID-19 and inflation pose additional downside risks.

Utah's fundamental advantages—a youthful demographic profile, economic diversity, a stable fiscal and regulatory environment, crossroads of the west location, global connections, and social cohesion—will continue to influence the state's economic position in 2022 and beyond. As long as major risks to the national expansion are not realized, Utah's economy will once again be among the best in the nation.

Utah Value of New Construction, 2000–2022f



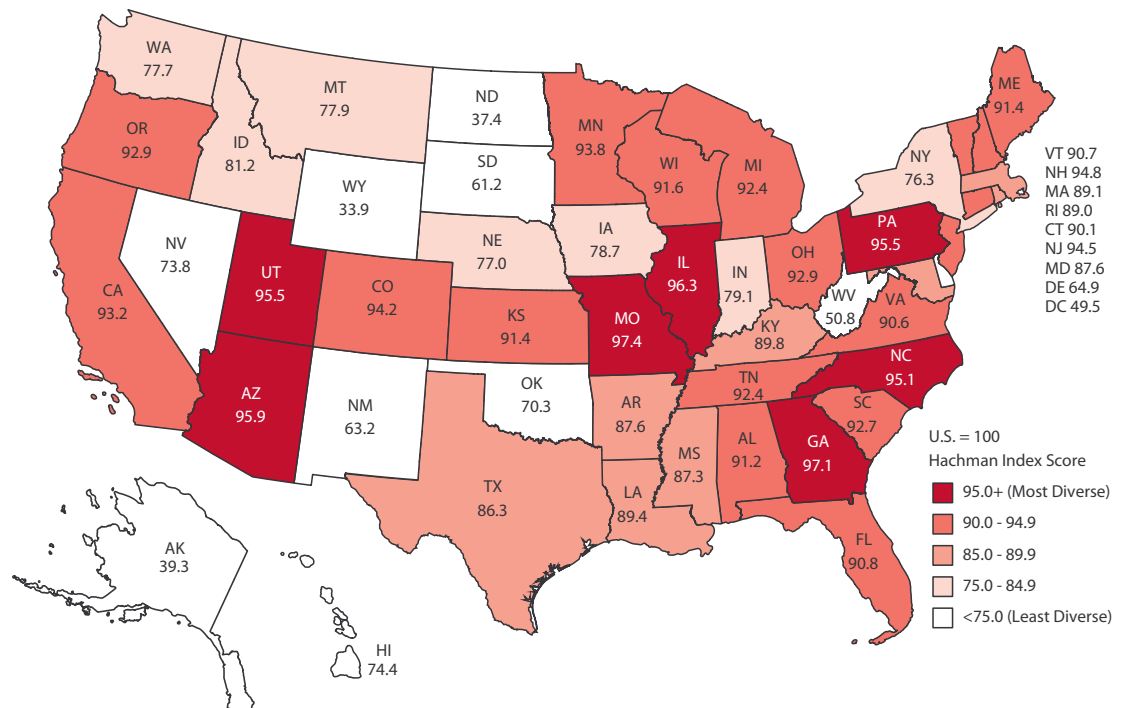
Utah National Park and Skier Visits, 1983–2021



Note: Ski seasons include December of the year noted through late spring of the following year (i.e., 2019 represents the 2019–2020 ski season)

Economic Diversity, 2020

Oregon, Arizona, Colorado, Washington, and California all have larger economies than Utah, but only Arizona has a higher Hachman Index score, and that by less than half a point. States with similar-sized economies include Alabama, Kentucky, Iowa, and Oklahoma. Of these, only Alabama has an index score above 90, indicating a very diverse economy. Alabama scores 91.2, Kentucky 89.8, Iowa 78.7, and Oklahoma the lowest at 70.3. Despite Utah's mid-sized economy (29th largest), its industrial composition is more diverse than even the largest states.



Economic Indicators for Utah and the United States, December 2021

DEMOGRAPHICS	UNITS	2020 ACTUAL	2021 ESTIMATE	2022 FORECAST	19-20	PERCENT CHANGE 20-21(e)	21(e)-22(f)
U.S. July 1st Population	Millions	331.6	332.0	333.2	0.3%	0.1%	0.3%
Utah July 1st Population	Thousands	3,285	3,344	3,403	1.8%	1.8%	1.8%
Utah Net Migration	Thousands	26.1	34.9	34.1			
Utah Households	Thousands	1,057.3	1,082.7	1,109.3	1.8%	2.4%	2.5%
EMPLOYMENT AND WAGES							
U.S. Nonfarm Employment (BLS)	Millions	142.3	146.1	151.7	-5.7%	2.7%	3.8%
U.S. Unemployment Rate (BLS)	Percent	8.1	5.4	3.6			
U.S. Total Nonfarm Wages (BEA)	Billion Dollars	9,444	10,305	11,178	1.3%	9.1%	8.5%
U.S. Average Annual Pay (BLS)	Dollars	66,391	70,511	73,662	7.5%	6.2%	4.5%
U.S. Personal Income (BEA)	Billion Dollars	19,627.6	21,040.5	21,324.4	6.5%	7.2%	1.3%
Utah Nonfarm Employment (DWS)	Thousands	1,538.8	1,611.4	1,655.6	-1.3%	4.7%	2.7%
Utah Unemployment Rate (DWS)	Percent	4.7	2.7	2.1			
Utah Total Nonfarm Wages (DWS)	Dollars	83,043	88,900	94,460	7.3%	7.1%	6.3%
Utah Average Annual Pay (BEA)	Million Dollars	53,964	55,170	57,058	8.7%	2.2%	3.4%
Utah Personal Income (BEA)	Million Dollars	169,656	179,242	182,511	7.8%	5.7%	1.8%
PRODUCTION AND SALES							
U.S. Real Gross Domestic Product	Billion Chained \$2012	18,385	19,424	20,256	-3.4%	5.7%	4.3%
U.S. Real Exports	Billion Chained \$2012	2,208	2,301	2,434	-13.6%	4.2%	5.7%
U.S. Retail Sales	Billion Dollars	6,201	7,421	7,661	0.3%	19.7%	3.2%
Utah Exports (NAICS, Census)	Million Dollars	17,674	19,953	20,471	1.9%	12.9%	2.6%
Utah All Taxable Sales	Million Dollars	74,731	88,862	92,510	8.4%	18.9%	4.1%
REAL ESTATE AND CONSTRUCTION							
U.S. Private Residential Investment	Billion Dollars	898	1,082	1,144	10.3%	20.5%	5.7%
U.S. Nonresidential Structures	Billion Dollars	597	581	620	-11.2%	-2.7%	6.7%
U.S. Purchase-only Home Price Index	1991Q1 = 100	292	339	379	7.8%	16.2%	11.6%
Utah Dwelling Unit Permits	Thousands	32,237	35,500	36,000	16.8%	10.1%	1.4%
Utah Residential Permit Value	Million Dollars	6,785	7,700	8,000	17.0%	13.5%	3.9%
Utah Nonresidential Permit Value	Million Dollars	2,567	2,700	2,700	-1.1%	5.2%	0.0%
Utah Purchase-only Home Price Index	1991Q1 = 100	541	668	750	7.4%	23.5%	12.3%
ENERGY PRODUCTION AND PRICES							
West Texas Intermediate Crude Oil	\$ Per Barrel	39.3	68.0	72.0	-31.1%	73.3%	5.9%
Utah Coal Production	Million Tons	13	12	13	-7.1%	-9.2%	8.3%
Utah Coal Prices	\$ Per Short Ton	37.22	33.45	35.00	-1.9%	-10.1%	4.6%
Utah Crude Oil Production	Million Barrels	31	34	37	-16.1%	12.6%	6.0%
Utah Oil Prices	\$ Per Barrel	34.91	61.00	65.00	-27.8%	74.7%	6.6%
Utah Natural Gas Production Sales	Billion Cubic Feet	202	198	200	-9.4%	-2.0%	1.0%
Utah Natural Gas Prices	\$ Per MCF	1.96	4.00	3.90	-21.9%	104.1%	-2.5%
Utah Copper Mined Production	Million Pounds	309	315	400	-24.6%	1.9%	27.0%
Utah Copper Prices	\$ Per Pound	2.80	4.25	4.50	9.8%	51.8%	5.9%
PRICES, INTEREST RATES, AND SENTIMENT							
U.S. CPI Urban Consumers	1982-84 = 100	259	271	281	1.2%	4.6%	3.7%
U.S. Federal Funds Rate	Effective Rate	0.4	0.1	0.2			
U.S. 3-Month Treasury Bills	Discount Rate	0.4	0.0	0.1			
U.S. 10-Year Treasury Notes	Yield (%)	0.9	1.4	1.7			
30-Year Fixed Mortgage Rate	Percent	3.1	2.9	3.3			
U.S. Consumer Sentiment (U of M)	Index	81.5	77.5	85.9	-15.0%	-4.8%	9.4%
Utah Consumer Sentiment (Gardner)	Index	—	87.5	93.0	—	—	6.3%

Sources: Utah Economic Council, State of Utah Revenue Assumptions Working Group, IHS Markit, and Kem C. Gardner Policy Institute

Utah Economic Council

Phil Dean, Kem C. Gardner Policy Institute, *Co-Chair*
Juliette Tennert, Utah System of Higher Education, *Co-Chair*
Kjersten Adams, Economist
Wes Curtis, Southern Utah University
John Gilbert, Utah State University
Natalie Gochnour, David Eccles School of Business/Salt Lake Chamber
Leslee Katayama, Utah State Tax Commission
Mark Knold, Utah Department of Workforce Services
Doug MacDonald, EconoWest
Thomas Maloney, University of Utah
Carrie Mayne, Utah System of Higher Education
Darin Mellott, CBRE
Michael Parker, Ivory Homes
Peter Reichard, Utah Foundation
Jennifer Robinson, Kem C. Gardner Policy Institute
Kate Rubalcava, Utah Nonprofits Association
Robert Spendlove, Zions Bank
David Stringfellow, Office of the Utah State Auditor
Nate Talley, Governor's Office of Planning and Budget
Andrea Wilko, Utah Legislative Fiscal Analyst Office
James Wood, Kem C. Gardner Policy Institute

Economic Report to the Governor Contributors

Max Backlund, Kem C. Gardner Policy Institute
Mallory Bateman, Kem C. Gardner Policy Institute
Andrea Brandley, Kem C. Gardner Policy Institute
Brett Campbell, Utah System of Higher Education
Eric Cropper, Utah State Tax Commission
Christopher Collard, Utah Foundation
Phil Dean, Kem C. Gardner Policy Institute
John Downen, Kem C. Gardner Policy Institute
Dejan Eskic, Kem C. Gardner Policy Institute
Dale Frost, Utah State Board of Education
John Gilbert, Utah State University
Leslee Katayama, Utah State Tax Commission
Mark Knold, Utah Department of Workforce Services
Caroline Hargraves, Utah Department of Agriculture and Food
Emily Harris, Kem C. Gardner Policy Institute
Thomas Holst, Kem C. Gardner Policy Institute
Michael Hogue, Kem C. Gardner Policy Institute
Jacoba Larsen, Utah State Tax Commission
Jennifer Leaver, Kem C. Gardner Policy Institute
Carrie Mayne, Utah System of Higher Education
Kerin McInnis, Utah State Board of Education
Darin Mellott, CBRE
Dianne, Meppen, Kem C. Gardner Policy Institute
Stephanie Mills, Department of Natural Resources
Levi Pace, Kem C. Gardner Policy Institute
Pamela S. Perlich, Kem C. Gardner Policy Institute
Peter Reichard, Utah Foundation
Jennifer Robinson, Kem C. Gardner Policy Institute
Kate Rubalcava, Utah Nonprofits Association
Andrew Rupke, Department of Natural Resources
Shannon Simonsen, Kem C. Gardner Policy Institute
Kevin Sullivan, Utah Defense Alliance
Laura Summers, Kem C. Gardner Policy Institute
Robert Spendlove, Zions Bank
Joshua Spolsdoff, Kem C. Gardner Policy Institute
Brandy Strand, Utah Nonprofits Association
David Stringfellow, Office of the Utah State Auditor
Nate Talley, Governor's Office of Planning and Budget
Shawn Teigen, Utah Foundation
Juliette Tennert, Utah System of Higher Education
Bart Todd, Zions Bank
Sam Urie, Utah State Board of Education
Michael Vanden Berg, Department of Natural Resources
Andrea Wilko, Utah Legislative Fiscal Analyst Office
James Wood, Kem C. Gardner Policy Institute