Economic Insights
Utah and Salt Lake County

Salt Lake County Council
October 18, 2022
Summary

• We face a serious and complex economic reality filled with mixed signals created by the unwinding of the pandemic.

• Utah and Salt Lake County are better positioned than most other areas.

• The FED’S red alert creates compounding tradeoffs.

• Pay attention to housing as a bellwether economic issue.
Structural Economic Changes

1. Behavioral changes
   - Changes in preferences (work from anywhere, business travel, education, etc.)
   - De-globalization/reshoring and shortening of supply chains

2. Technological advancements
   - Ubiquitous broadband
   - Tech-enabled services (online education, remote sales, telehealth, etc.)

3. Demographic changes
   - Migration (Zoom Towns/quality of life)
   - Aging population

4. New paradigms
   - Mental health
   - Women in the workforce/pink recession
   - Commercial real estate
   - Business travel

Source: Kem C. Gardner Policy Institute
Economic Outlook Scenarios

- Soft landing
- Mild and short-/medium-length recession
- Severe and long recession
Jobs Recovery by Recent Recessions

Decline and duration of job losses

Source: Utah Governor’s Office of Planning and Budget and Bureau of Labor Statistics (BLS)
A Mixed-Signal Economy in a Well Positioned State
Job Growth

August 2021-2022, Not Seasonally Adjusted

Source: Bureau of Labor Statistics
Unemployment Rate
Seasonally adjusted

Source: Bureau of Labor Statistics
Unemployment Rate
August 2022, Seasonally Adjusted

Source: Utah Dept. of Workforce Services
Unemployment Rate
August 2022, Seasonally Adjusted

- U.S.: 3.7%
- State of Utah: 2.0%
- Weber: 2.1%
- Davis: 1.9%
- Salt Lake: 2.0%
- Utah Co.: 1.8%

Source: Bureau of Labor Statistics
FED Red Alert
Inflation’s Sting

Consumer price index for all urban consumers: All items in U.S. city average

Source: Bureau of Labor Statistics
The supply-chain stress index includes 14 indicators of bottlenecks in the supply chain, such as supplier deliver times from purchasing managers’ surveys, freight rates, and job openings in transportation and warehousing.

Source: Moody’s Analytics
Federal Fiscal Support Comparables

2019 Q4 = 100

Dot-com Bust (2001) 0.4%

Financial System Collapse (2008 & 2009)
- ARRA 5.7%
- Economic Stimulus Act and TARP (net) 1.3%

Pandemic (2020 & 2021)
- Wave 1 (CARES, PPP, HCEA, FFCRA) 11.5%
- Wave 2 (Response and Relief) 4.2%
- Wave 3 (ARPA) 8.9%

Federal Fiscal Response as % of GDP

Source: Congressional Budget Office and National Bureau of Economic Research
The FED is Only Part Way There

Rate hiking cycle, upper bound federal funds rate

Source: Kem C. Gardner Policy Institute and Federal Reserve
Treasury Yield Curve

Difference between 10-year and 2-year Treasury yield, ppt

Yield curve inversion leads recessions by 12–18 mo

Source: Federal Reserve and Moody’s Analytics
Job Growth Rates
Utah and the U.S.

Source: U.S. Bureau of Labor Statistics
Pay Attention to Housing
Utah Housing Appreciation

Year-Over quarterly % change in Housing Price Index

Source: FHFA
A Decade of Rent Increases in Two Years

Absolute increase in monthly rent by county

Source: CoStar, Inc.

<table>
<thead>
<tr>
<th>County</th>
<th>2000-2010</th>
<th>2010-2020</th>
<th>2020-2022</th>
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<tbody>
<tr>
<td>SaltLake</td>
<td>$135</td>
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<tr>
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<td>Weber</td>
<td>$91</td>
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<td>$289</td>
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</tbody>
</table>
Housing Demand to Stay Strong for 2020’s

Share of Population by Age

Source: Kem C. Gardner Policy Institute
Consumer Sentiment
Utah and the U.S.

Source: Kem C. Gardner Policy Institute