Economic Insights
Utah and Salt Lake County

Salt Lake County Council
June 6, 2023
U.S. Real GDP Growth
Quarter-Over, Seasonally adjusted annual rate

Source: Bureau of Economic Analysis
How did we get here?

**Economic Outcomes**

i. Inverted yield curve  
ii. Bank failures  
iii. Commercial real estate woes  
iv. Leading indicator alarm bells  
v. Consumer sentiment concerns  
vi. More...

Additional factors: war in Europe, structural changes created by the pandemic, tight labor markets, and fiscal and monetary policy mistakes

Source: Kem C. Gardner Policy Institute
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, PPPHCEA, 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 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
Inflation

Consumer Price Index, Year-over Change

Source: U.S. Bureau of Labor Statistics
The Fed Moving Fast to Tame Inflation

Changes in the federal funds target rate in past tightening cycles (in percentage points)

Source: Federal Reserve

Kem C. Gardner Policy Institute
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
# Blue Chip Forecast Misses Since 2022 Q2

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Blue Chip Initial Average Forecast % Change</th>
<th>Actual Real GDP % Change</th>
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<tbody>
<tr>
<td>2022 Q3</td>
<td>2.0%</td>
<td>3.2%</td>
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<tr>
<td>2022 Q4</td>
<td>0.7%</td>
<td>2.6%</td>
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<tr>
<td>2023 Q1</td>
<td>-0.4%</td>
<td>1.1%</td>
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<tr>
<td></td>
<td></td>
<td>(Initial estimate)</td>
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<tr>
<td>2023 Q2</td>
<td>0.0%</td>
<td>2.9%</td>
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<td>(May 18 GDPNow)</td>
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# 2023 Q1 Real GDP – Most Categories Quite Strong

<table>
<thead>
<tr>
<th>GDP Categories with Increase</th>
<th>Real % Change</th>
<th>GDP Categories with Decrease</th>
<th>Real % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal consumption - goods</td>
<td>6.3%</td>
<td><strong>Business equipment</strong></td>
<td>-7.0%</td>
</tr>
<tr>
<td>Personal consumption - services</td>
<td>2.5%</td>
<td><strong>Residential construction</strong></td>
<td>-5.4%</td>
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<tr>
<td>Business structures</td>
<td>11.0%</td>
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<tr>
<td>Business intellectual property</td>
<td>5.2%</td>
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<tr>
<td>Exports</td>
<td>5.2%</td>
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<tr>
<td>Imports</td>
<td>4.0%</td>
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<tr>
<td>Government</td>
<td>5.2%</td>
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Source: U.S. Bureau of Economic Analysis
Job Change

Year-over percent change

Source: Bureau of Labor Statistics
Job Growth

April 2022-2023, Not Seasonally Adjusted

- U.S.: 2.6%
- State of Utah: 2.6%
- Weber: 2.4%
- Davis: 1.9%
- Salt Lake: 2.5%
- Utah Co.: 2.3%

Source: Bureau of Labor Statistics
Unemployment Rate

April 2023, Seasonally Adjusted

- U.S.: 3.4%
- State of Utah: 2.3%
- Weber: 2.4%
- Davis: 2.1%
- Salt Lake: 2.3%
- Utah Co.: 2.2%

Source: Bureau of Labor Statistics
Leading economic indicators lead recessions by 8 mo
Commercial Real Estate Risk

• **COVID resiliency** – Observed real estate properties surprisingly resilient during pandemic.

• **New environment** – Trend expected to change as the hybrid work environment takes hold and new leases come due.

• **Headwinds** – Property owners face dual headwinds of lower demand and higher financing costs.

Source: Moody’s and Kem C. Gardner Policy Institute
THE NEW UTAH

PRESENT & FUTURE:
Mid-size Elite
External Economy
Growth Older
Multicultural

PAST:
Strong Economy
Monocultural
Internal Growth
Bored
Young
Small
The New Utah

OLD

Small State

Internal growth (births)
66% of growth from ourselves (2000-2020)

Monocultural
10% minority (1990)

Young
11.5% are 65+ (2020)

Strong Economy
Utah job growth strong, but ebbs and flows

NEW

Mid-Sized State
Population rank 30th (2020)

External growth (migration)
61% of growth from in-migration (2021 and 2022)

Multicultural
28% minority (2020) (30%+ in 2040)

Older
20.0% are 65+ (2050)

Elite Economy
Utah job growth consistently best in nation and top-tier COVID outcomes

Source: Kem C. Gardner Policy Institute
## Utah is Now a Mid-Size State

*State rank by population size*

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<tbody>
<tr>
<td><strong>Top Third</strong></td>
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<td>Large States</td>
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<td><strong>Middle Third</strong></td>
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<td>Mid-Sized States</td>
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<td><strong>Bottom Third</strong></td>
<td>#36 UTAH</td>
<td>#35 UTAH</td>
<td>#34 UTAH</td>
<td>#34 UTAH</td>
<td>#30 UTAH</td>
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<tr>
<td>Small States</td>
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*Includes District of Columbia*

Source: Census Bureau, Decennial Census
Utah Net Migration

Utah experienced net migration in 31 of the past 32 years

Source: Kem C. Gardner Policy Institute, and Utah Population Committee
Utah Job Growth by State

Utah’s elite economy

Source: Utah Governor’s Office of Planning and Budget and U.S. Bureau of Labor Statistics