

# Economic Insights

Central Bank  
February 23, 2022

INFORMED DECISIONS™

# Presentation Outline

- **Risk matrix** – We face a variety of economics risks.
- **The Utah difference** – Utah’s economic context stands in stark contrast to other states.
- **Utah County rising** – Utah’s second largest county drives significant growth.
- **Utah challenges** – Housing looms large.
- **What next?** – Positive outlook with uncertainty.

# Risk Matrix – What could derail the economy?



Source: Moody's Analytics

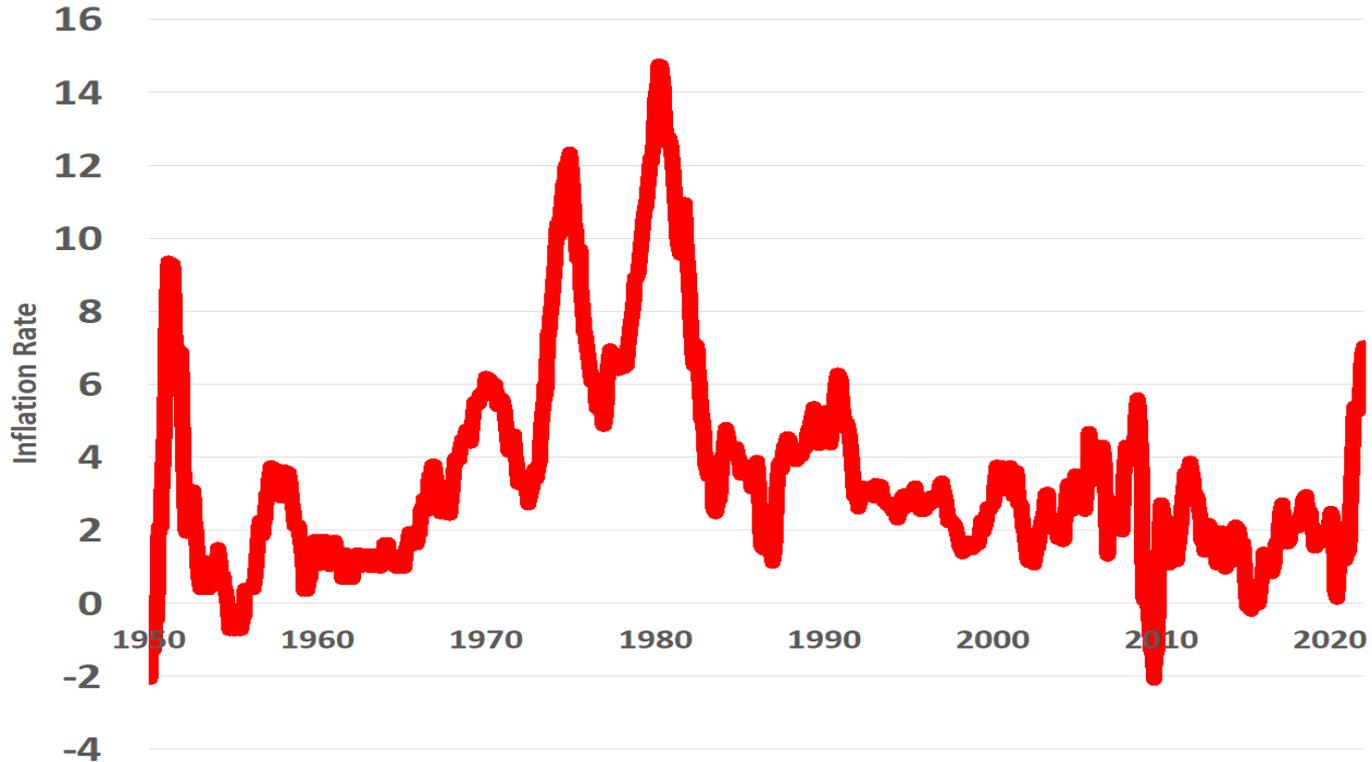






# The Sting of Accelerating Inflation

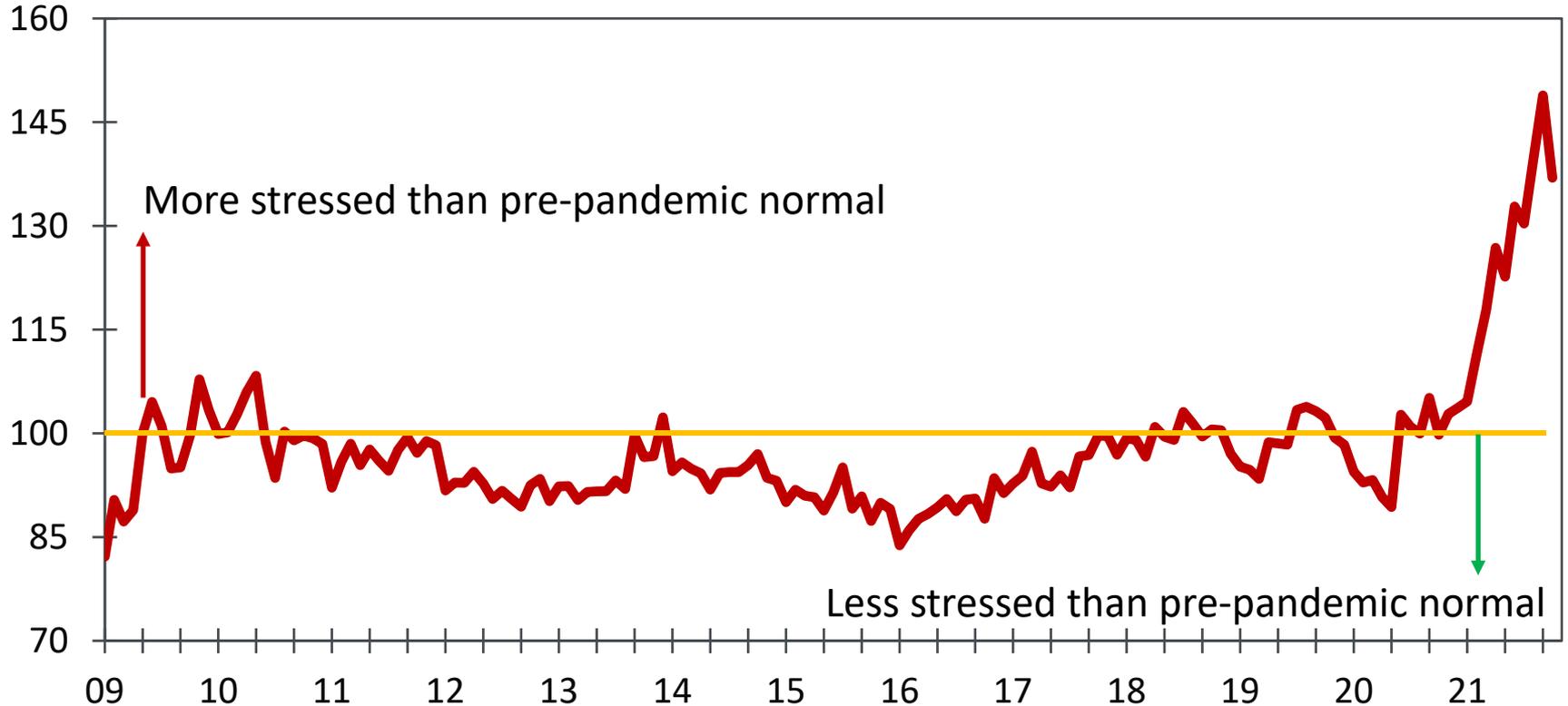
*Consumer Price Index*



Source: U.S. Bureau of Labor Statistics

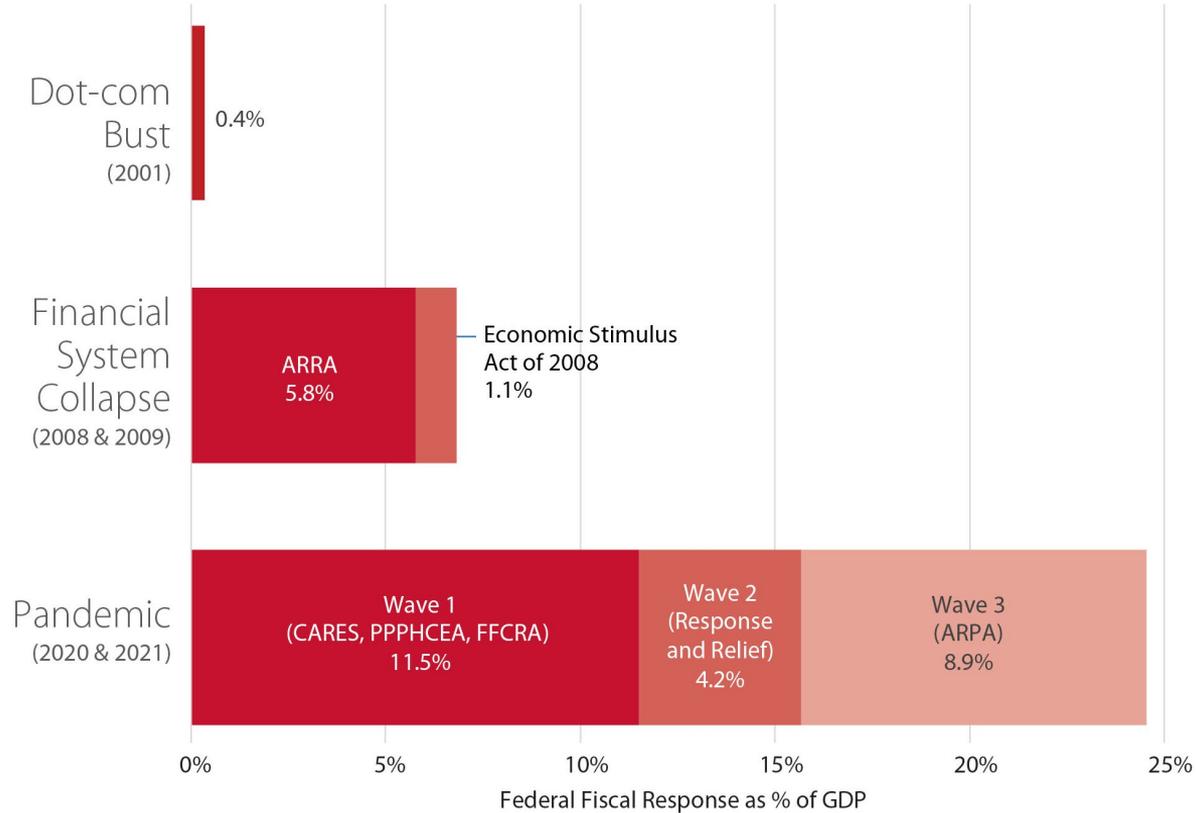
# U.S. Global Supply Chain Stress

2019 Q4=100



Source: Moody's Analytics

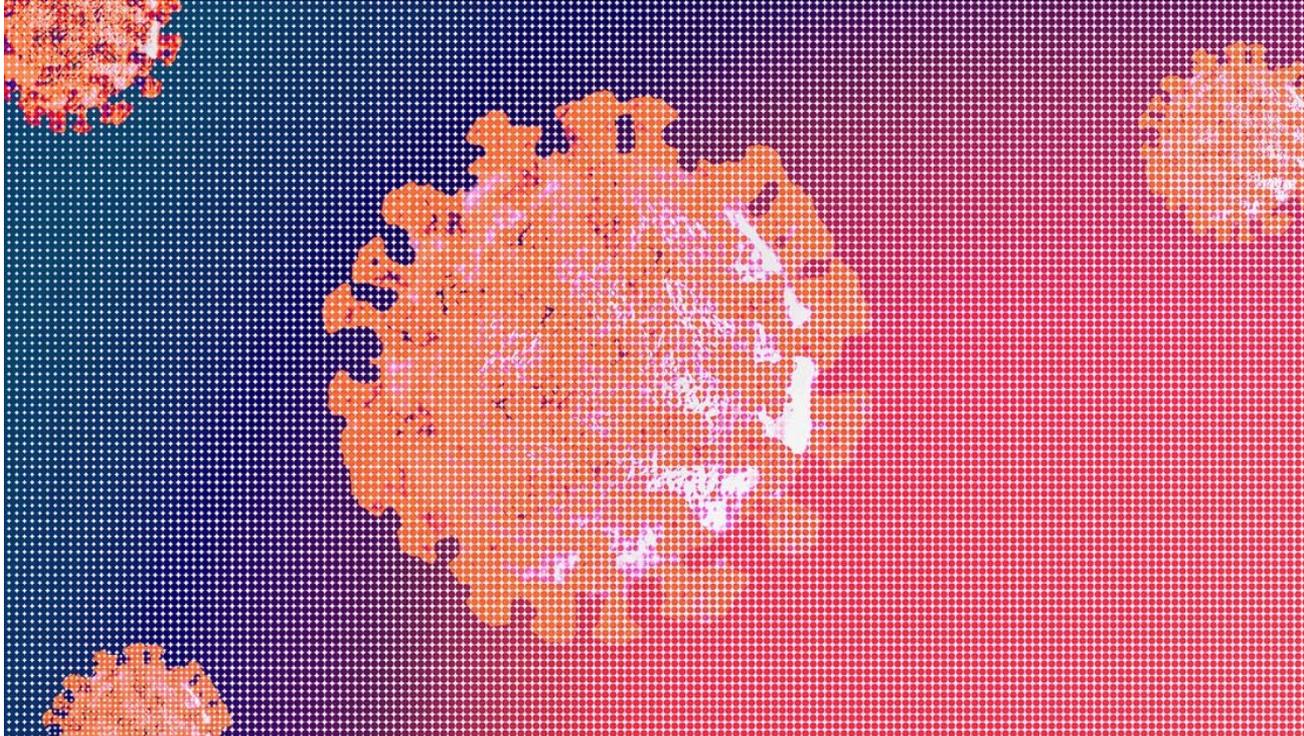
# “Unprecedented” Federal Fiscal Support



Source: Congressional Budget Office and National Bureau of Economic Research

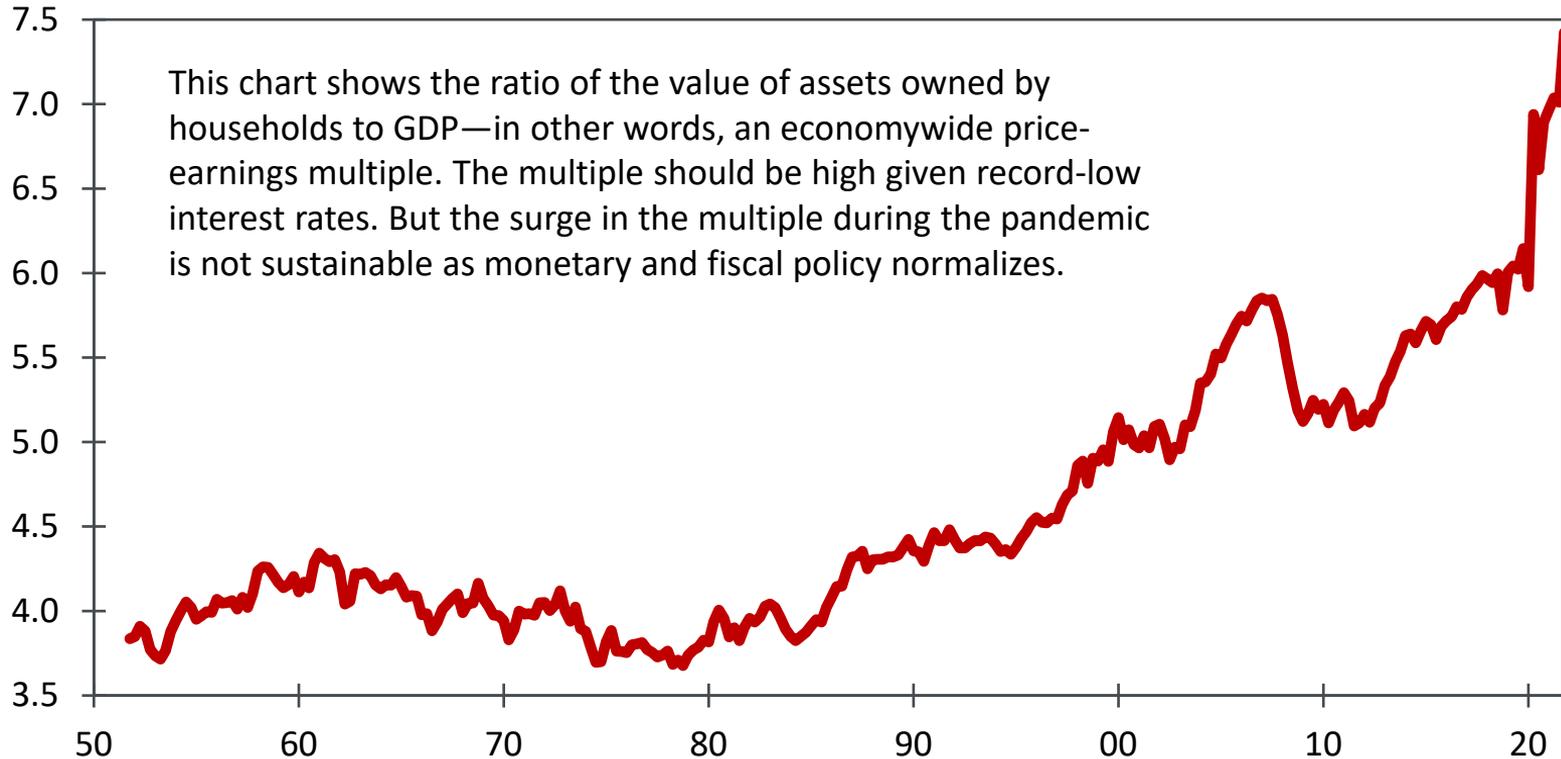
# “Stealth Omicron”

Variant BA.2



# Are Asset Prices Overdone?

*Economy-wide price to earnings multiple*



Source: BEA, Federal Reserve, Moody's Analytics

# Utah Difference

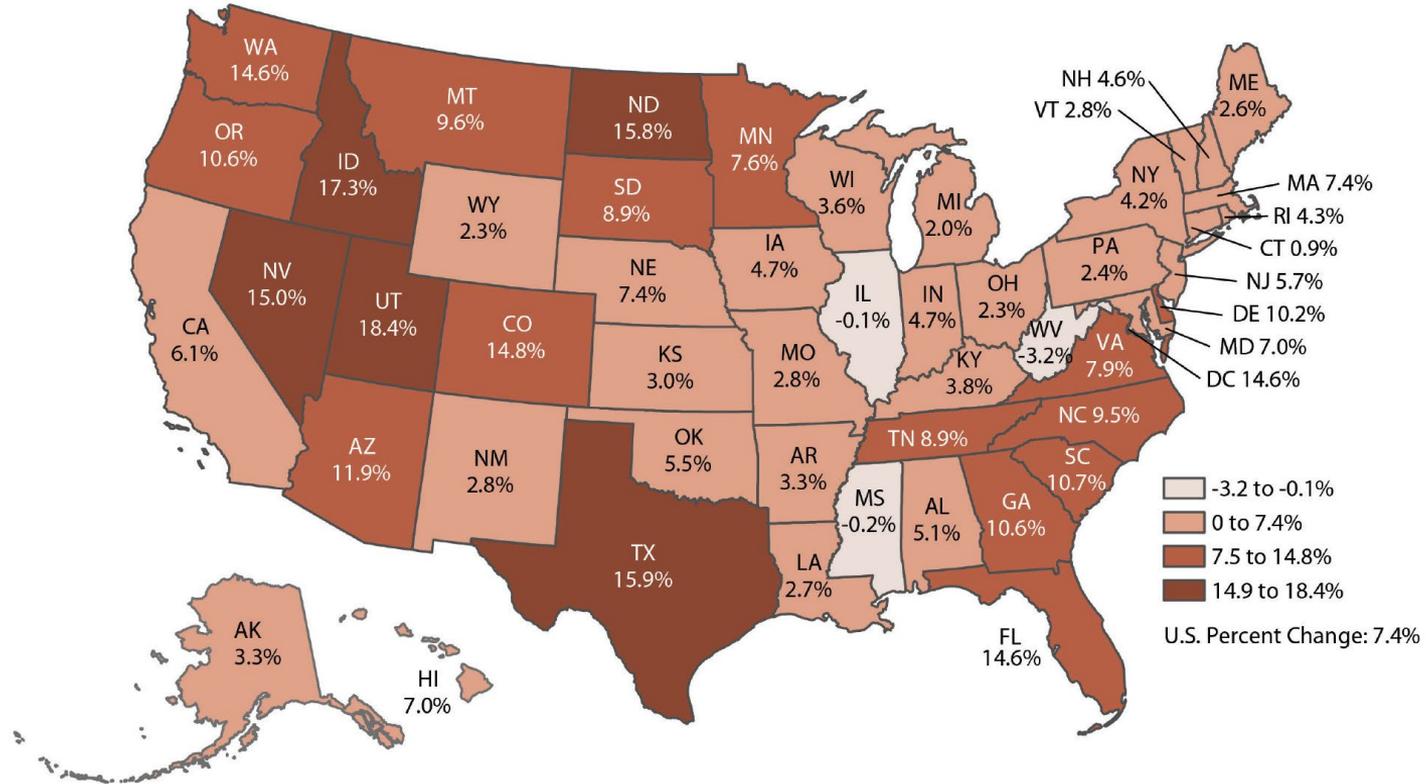
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# Utah's Population Growth Rate Leads the Nation

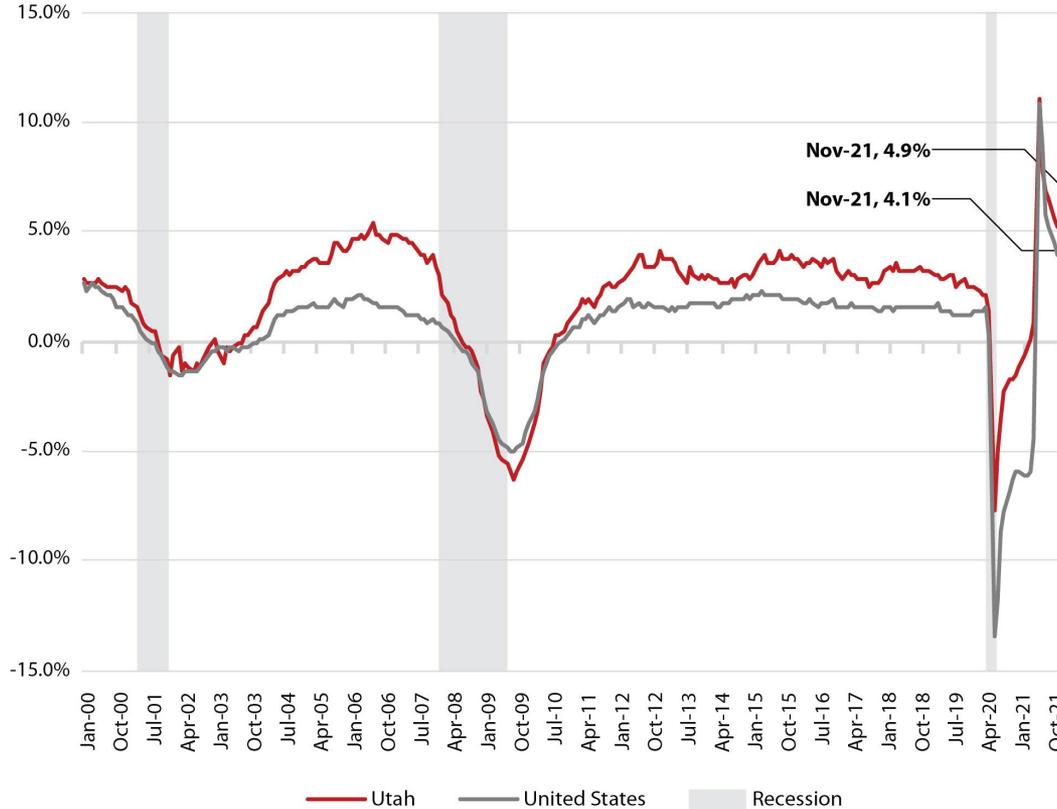
Percent Change, 2010-2020



Source: 2020 Apportionment Data, U.S. Census Bureau

# Job Growth - A Historical Comparison

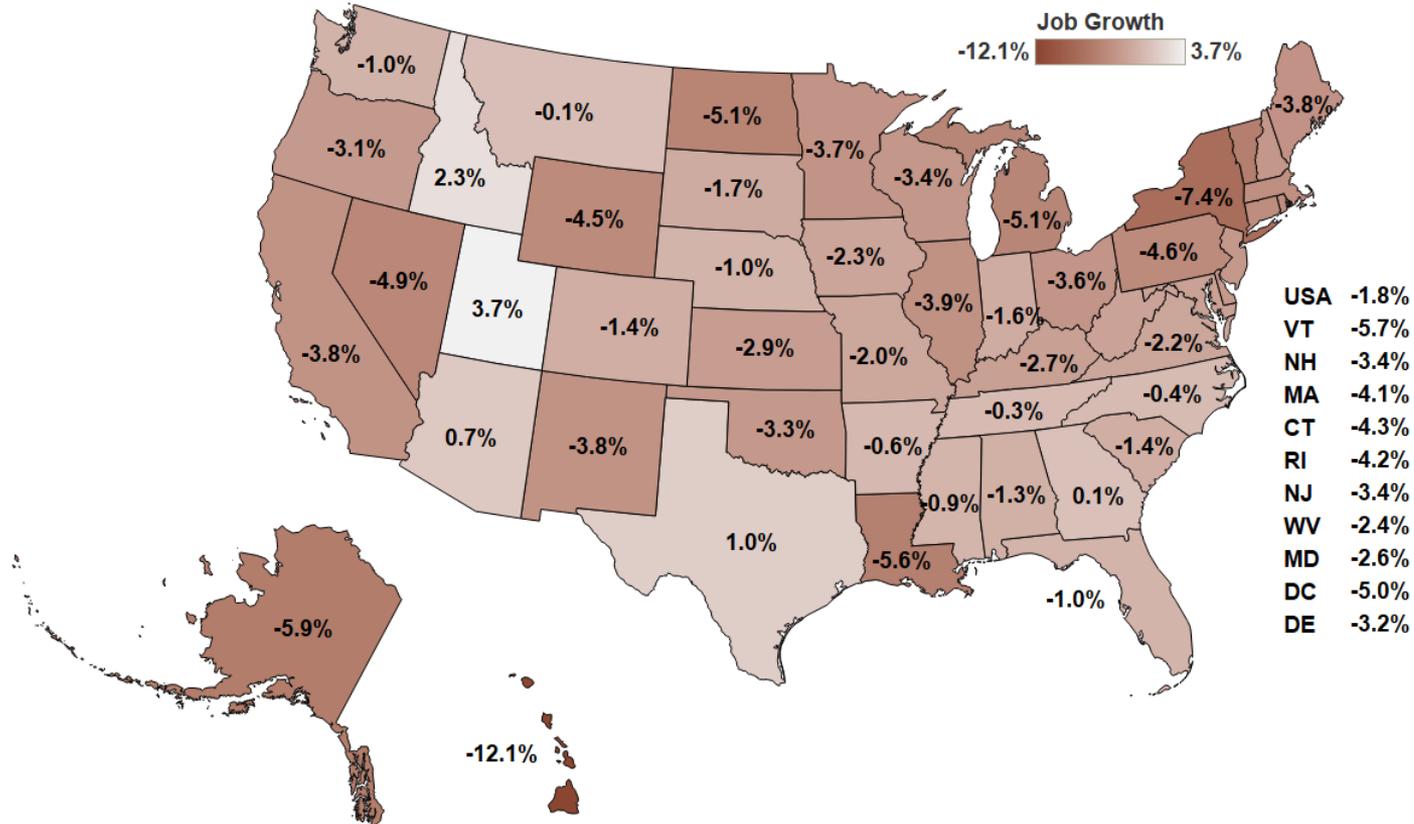
## Employment Change 2000 – 2021



Source: U.S. Bureau of Labor Statistics

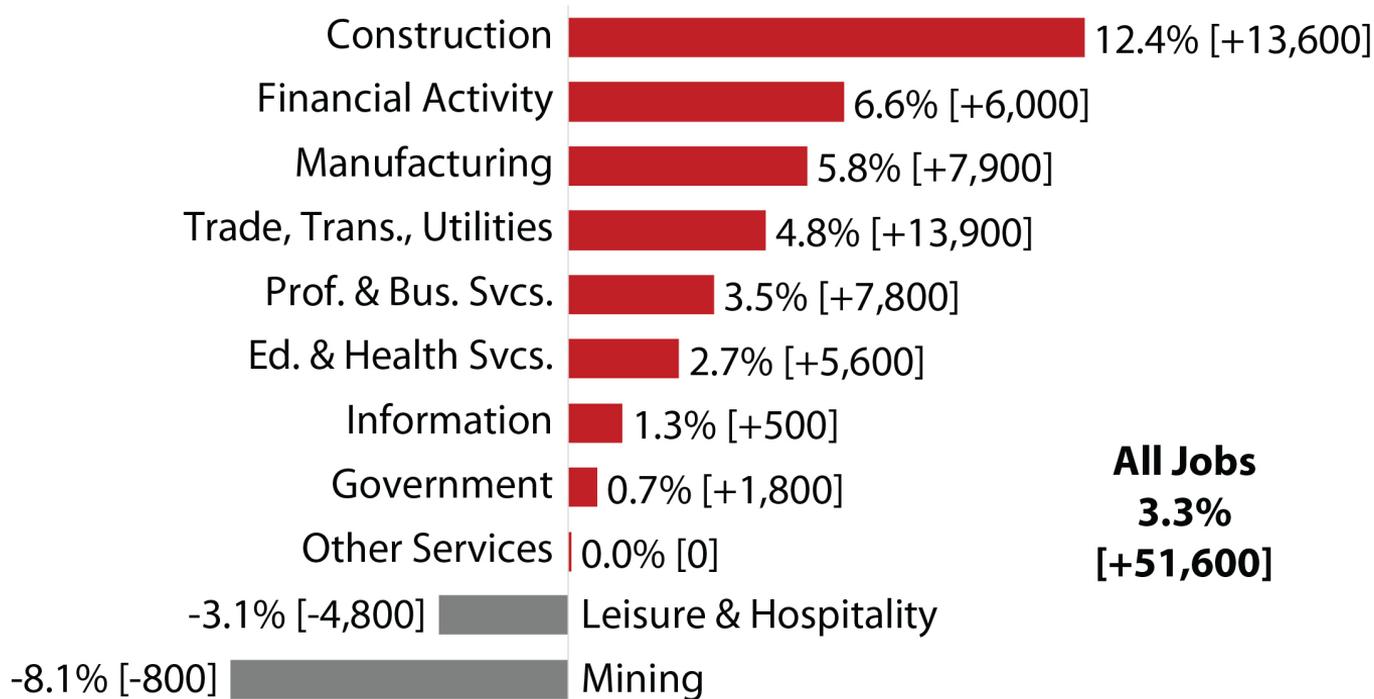
# Utah's Nation-Leading Economy

Job growth, December 2019-2021



# A Strong, Broad-Based Jobs Recovery in Utah

Employment Change 2019 – 2021e



Source: Utah Department of Workforce Services

# Utah County Rising

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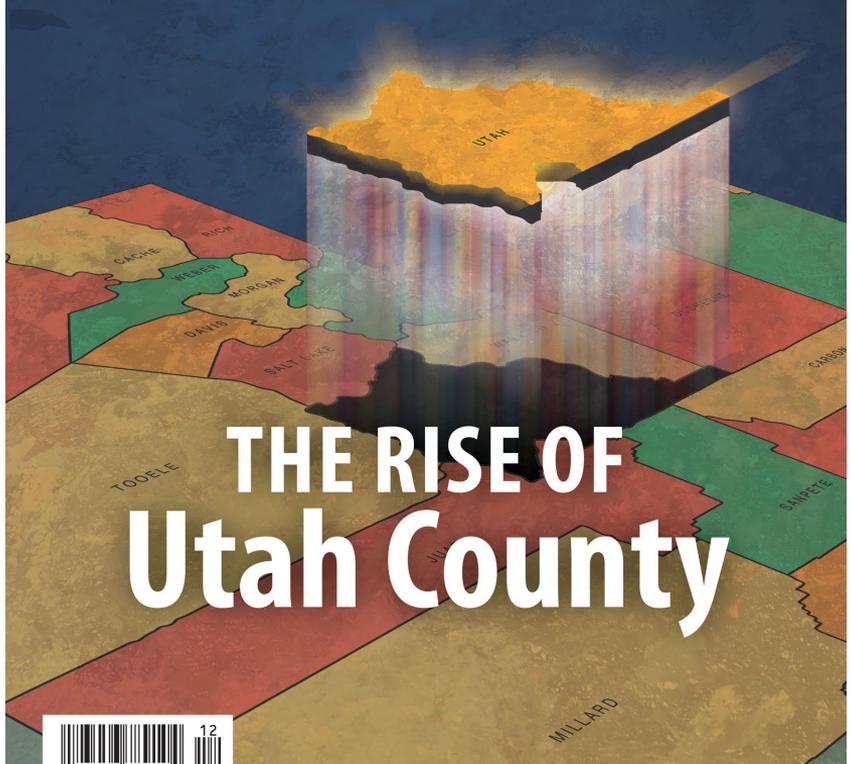
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# The *Utah* Economist

APRIL 16TH-22ND 2016

Utah's housing market still humming  
What's not to like about the Great Salt Lake  
The big game is back on  
What's going on down south?  
How low can oil prices go?

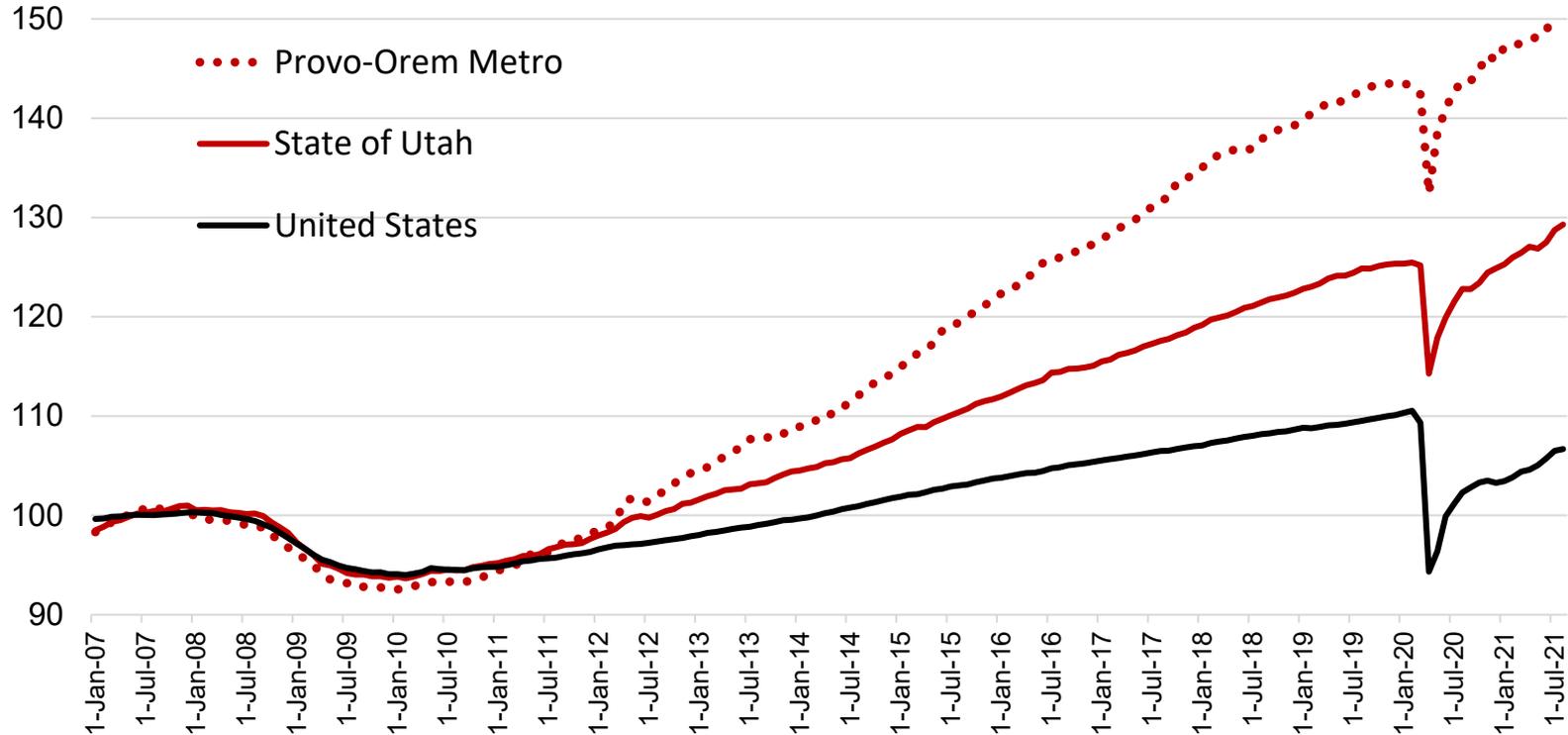


## THE RISE OF Utah County



# Utah Valley Leads Recoveries

*Indexed Employment, Post Great Recession and Pandemic Recession Recoveries*

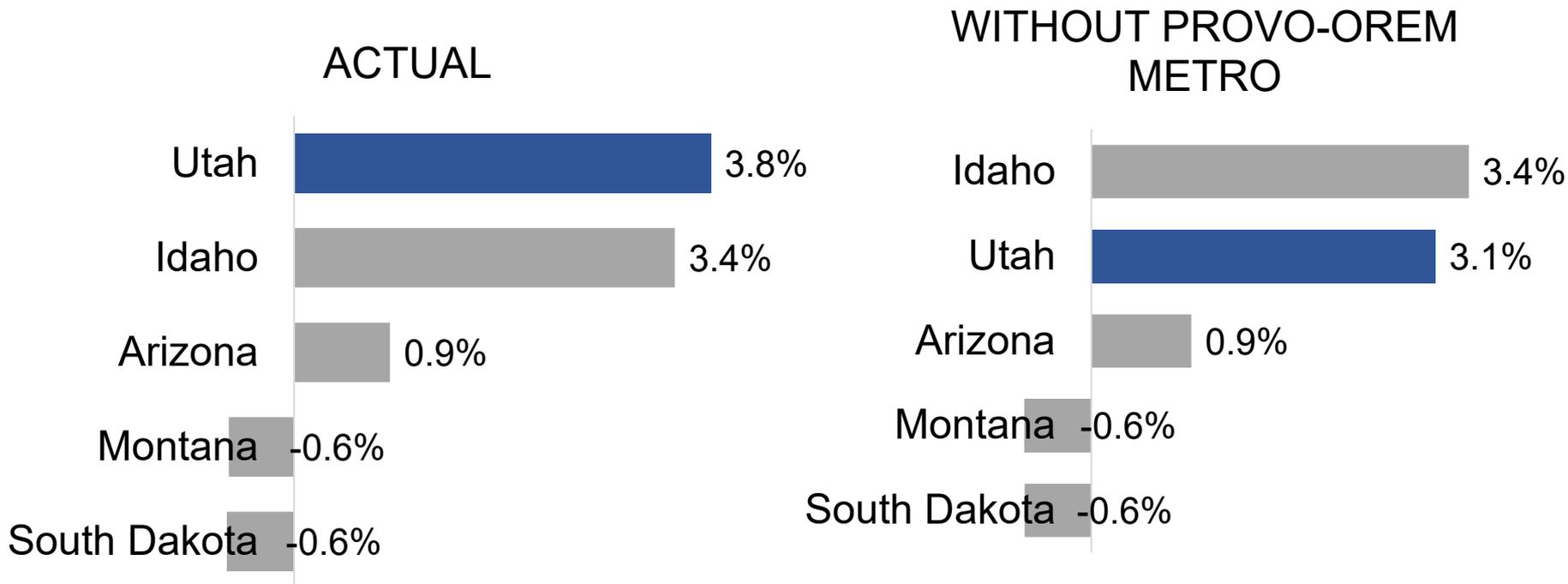


Source: Kem C. Gardner Policy Institute analysis of U.S. Bureau of Labor Statistics data

# Utah Can't be #1 Without Utah Valley

*States with Best Employment Situation*

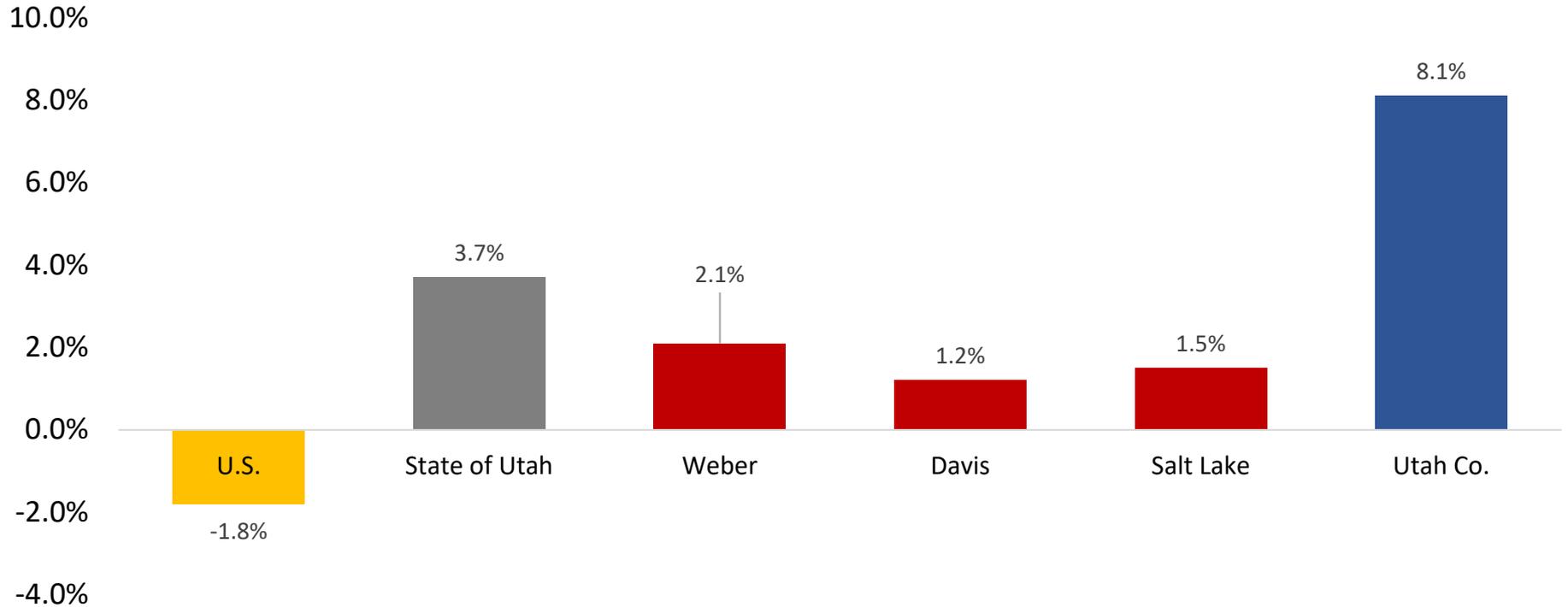
*Change in Jobs Base, August 2019 – August 2021*



Source: Kem C. Gardner Policy Institute analysis of U.S. Bureau of Labor Statistics data

# Job Growth

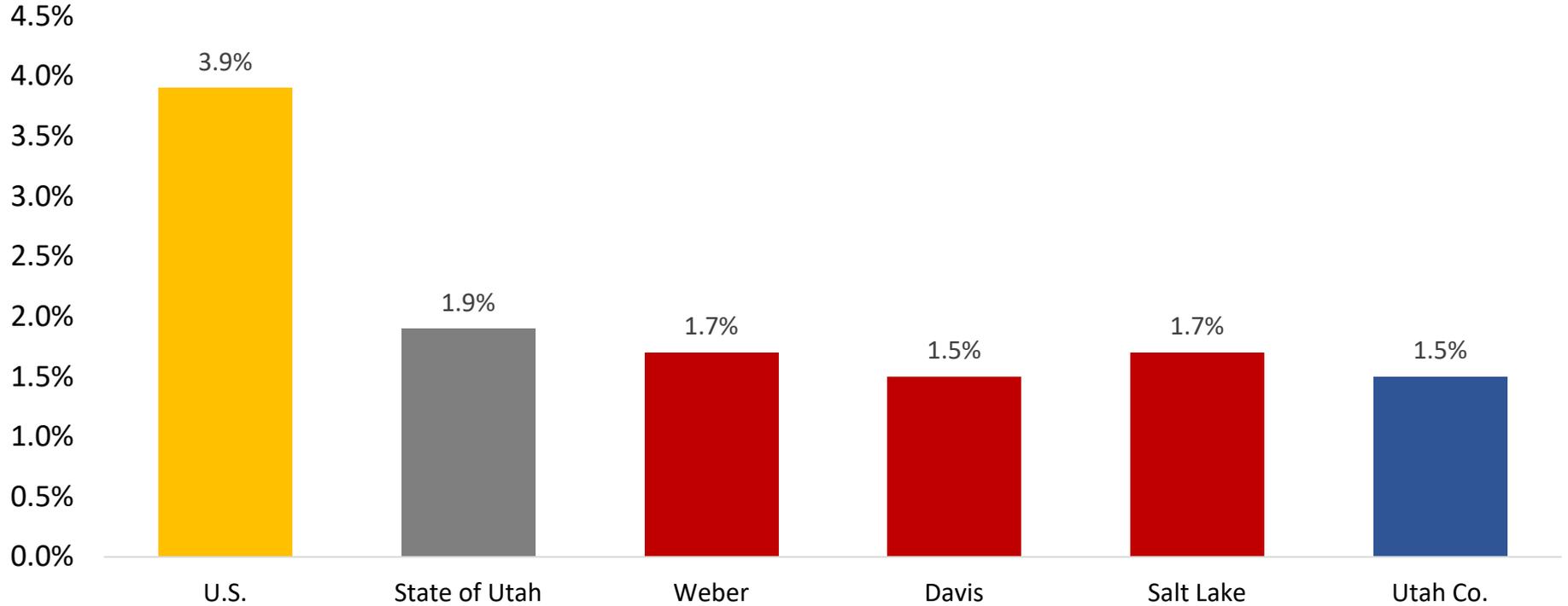
*December 2019-2021, Not Seasonally Adjusted*



Source: Bureau of Labor Statistics

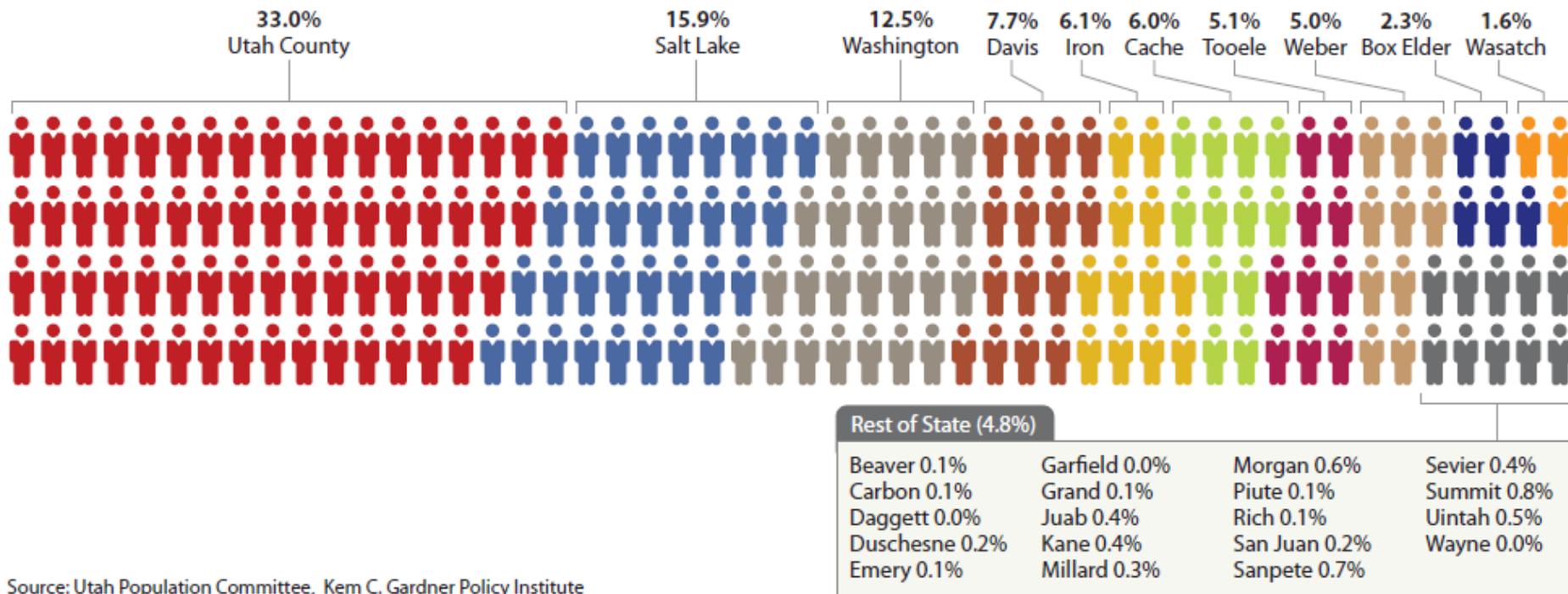
# Unemployment Rate

*August 2021, Seasonally Adjusted*



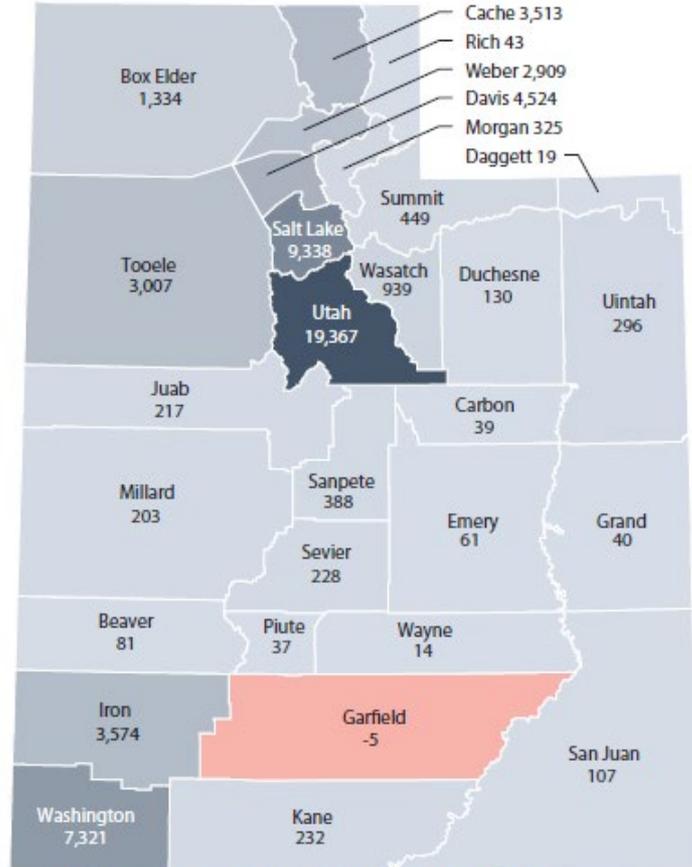
Source: Bureau of Labor Statistics

# County Share of Utah Growth, 2021

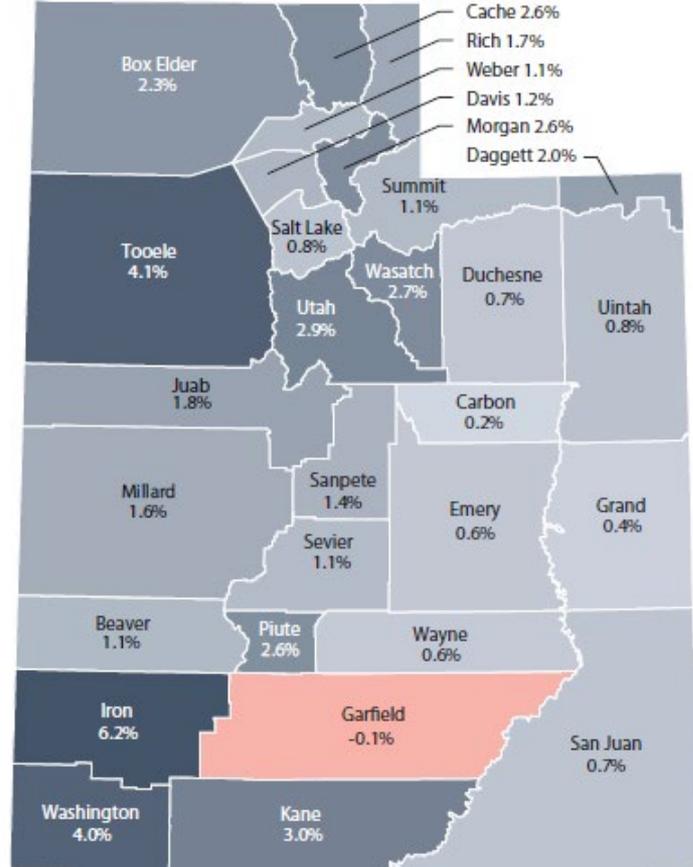


Source: Utah Population Committee, Kem C. Gardner Policy Institute

## Absolute Change in County Population, 2020-2021



## Percent Change in County Population, 2020-2021



Source: Utah Population Committee, Kem C. Gardner Policy Institute

# Utah's population is shifting south

Utah Mean Center of Population



Source: Census Bureau

# Utah Challenges

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Hertz

WE BUY  
HOUSES  
SCASH  
801.382.9062

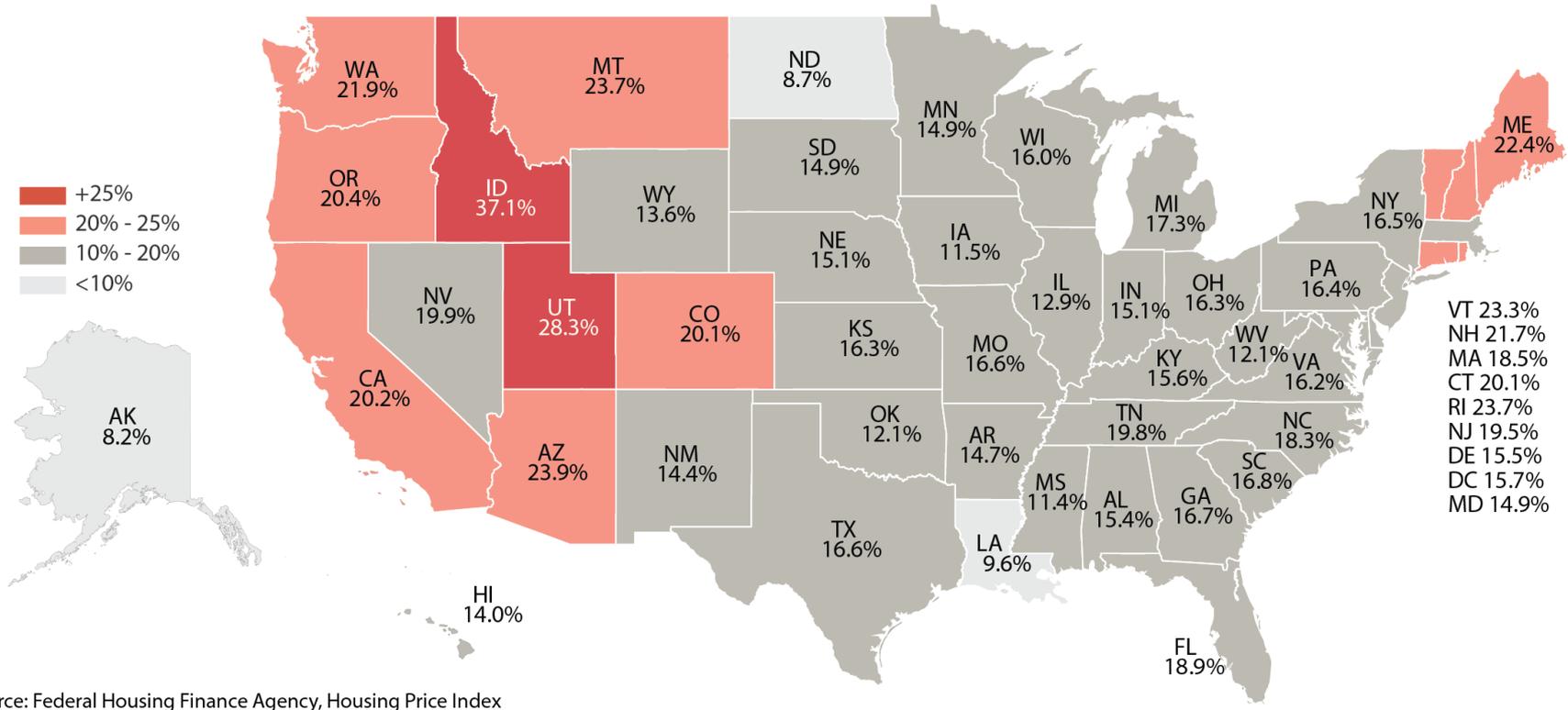
NO PARKING

2 HOUR MAX  
MON TO 6PM



# Year-Over Quarterly Increase in Housing Price Index

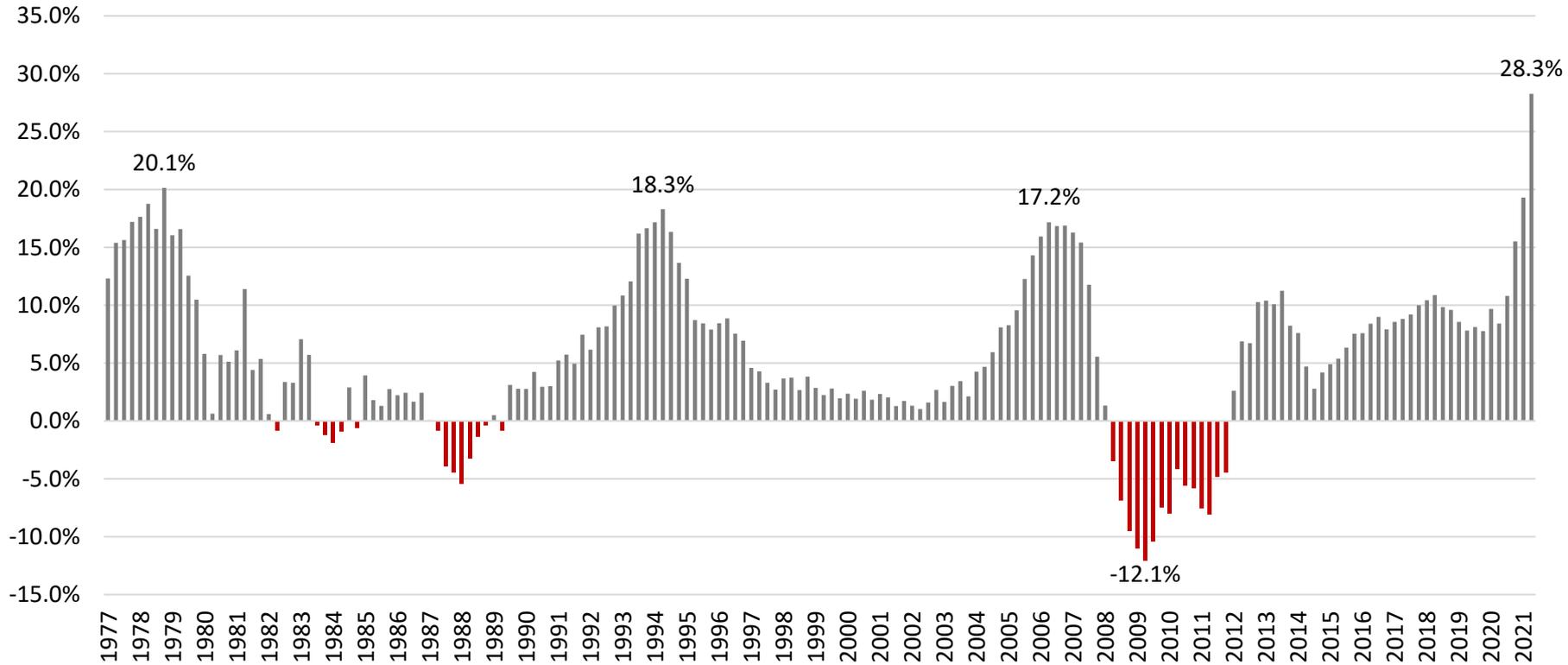
Q2 2020–2021



Source: Federal Housing Finance Agency, Housing Price Index

# Utah's Housing Price Index

Year-Over Quarterly Percent Change



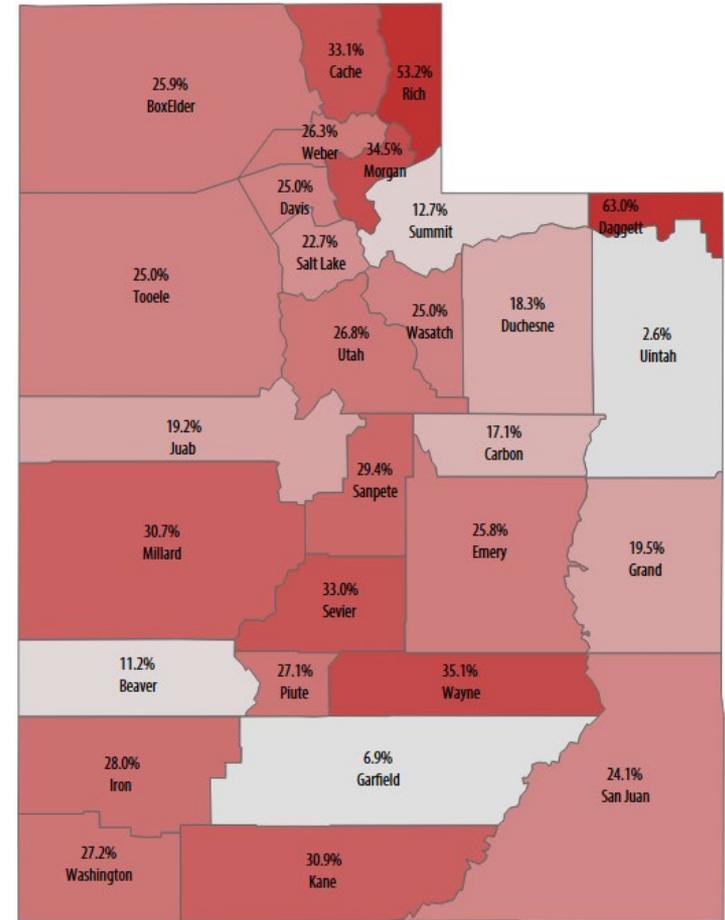
Source: FHFA

# Home Prices Jump in 2021

(Home Sales Price, Annual Percent Change from 2020 to 2021)

## Wasatch Front

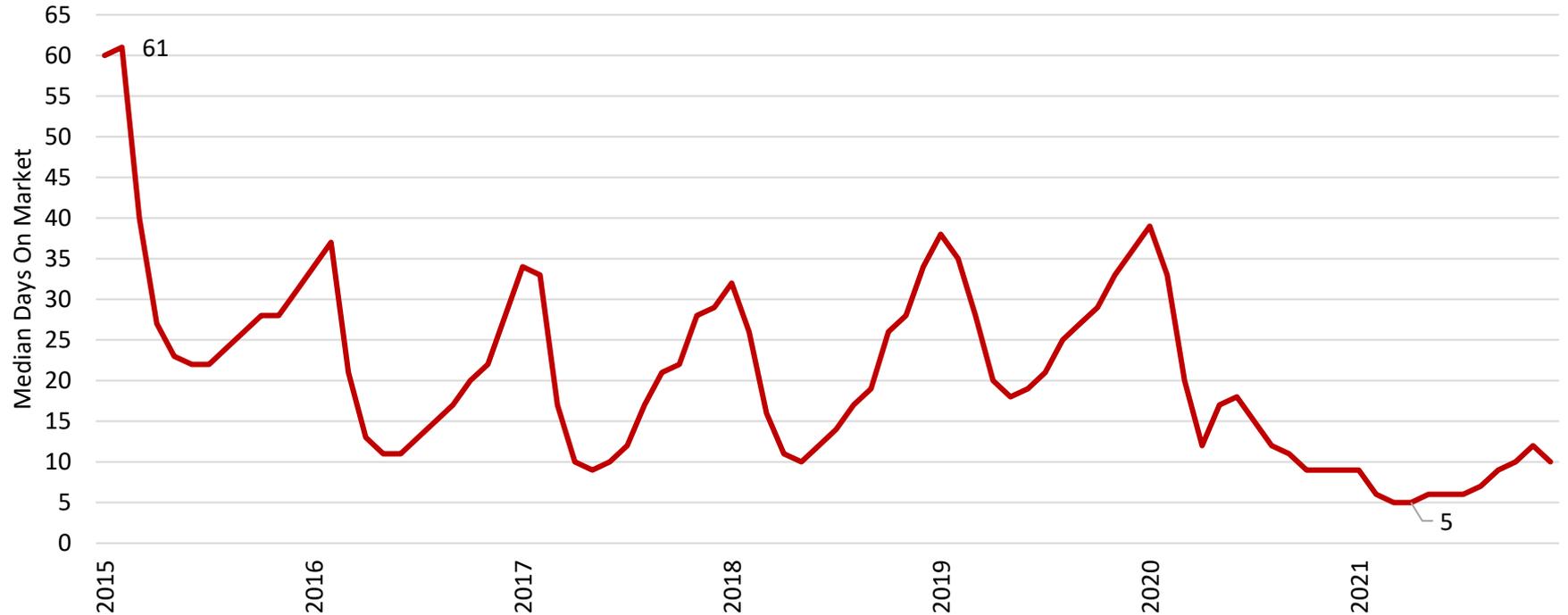
- Weber County: +26.3%
- Davis County: +25.0%
- Salt Lake County: +22.7%
- Utah County: +26.8%



Source: Utah Association of Realtors

# Utah Median Days on Market

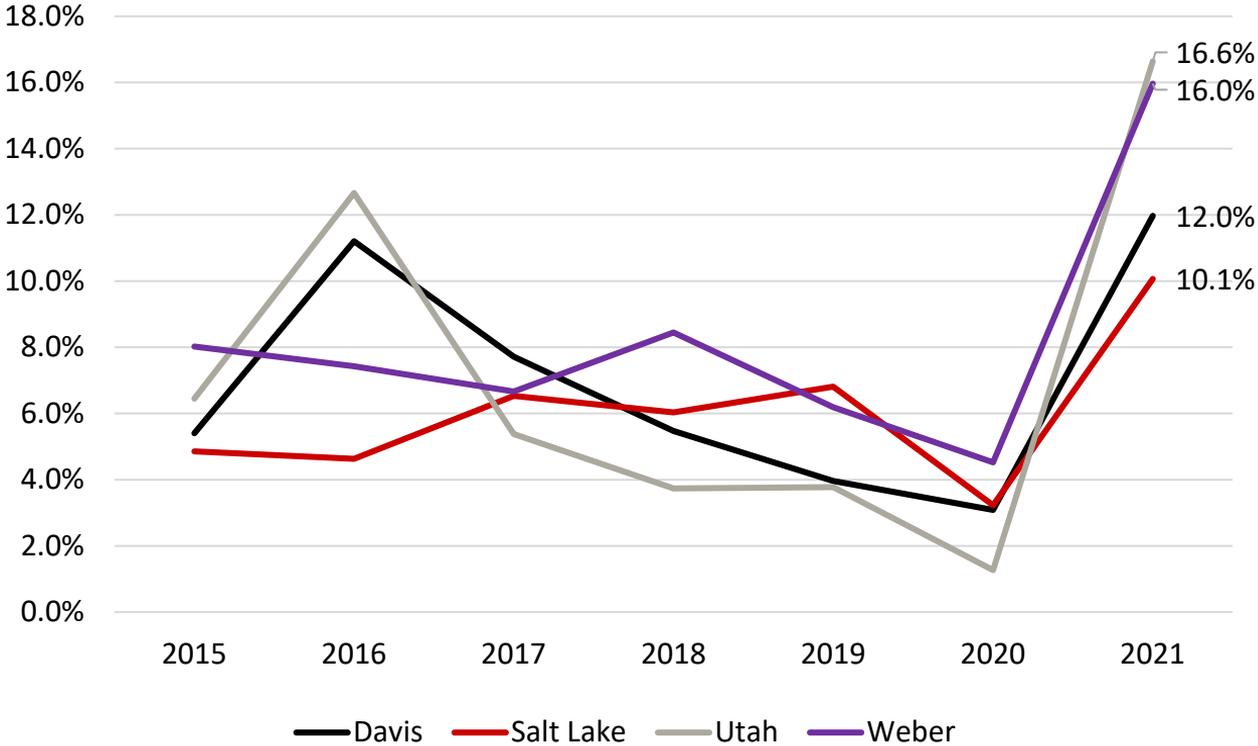
## *Residential Units*



Source: UtahRealEstate.com

# Rent on the Wasatch Front Also Jumped in 2021

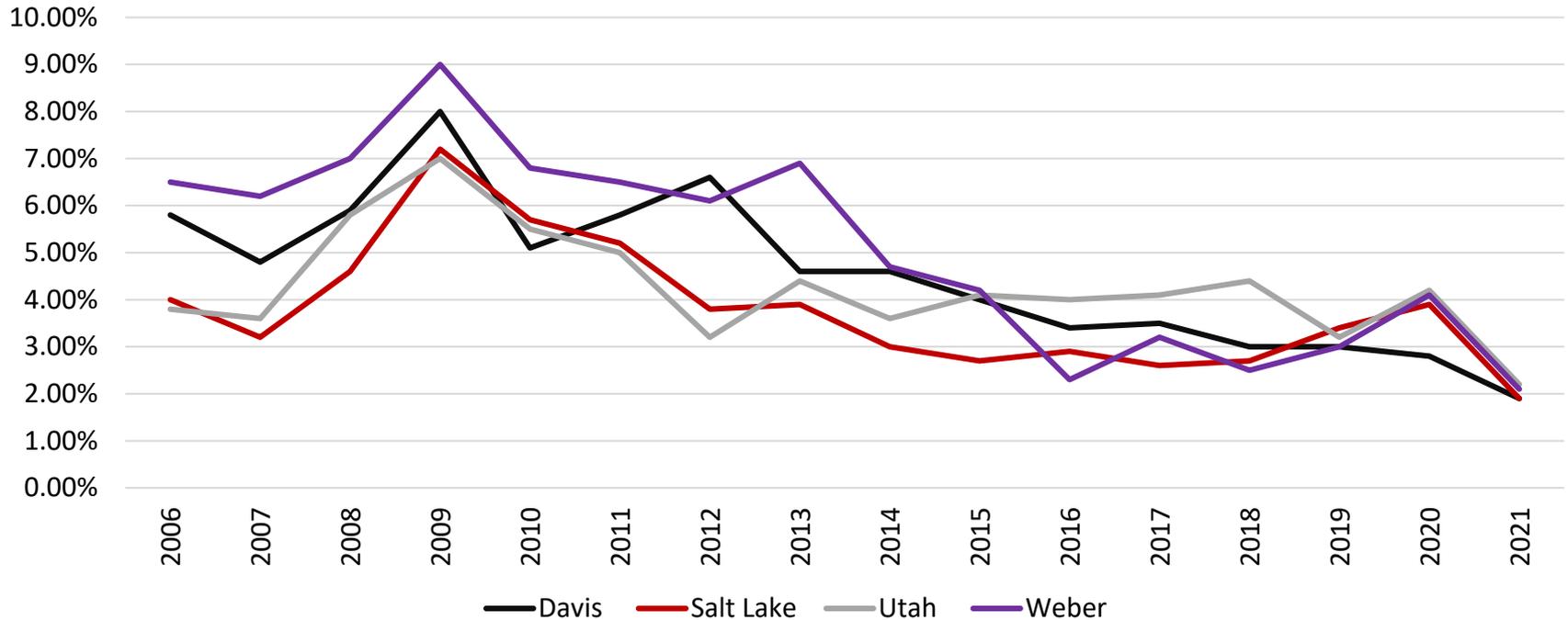
(Annual Percent Change in Average Rental Rate, 2015–2021)



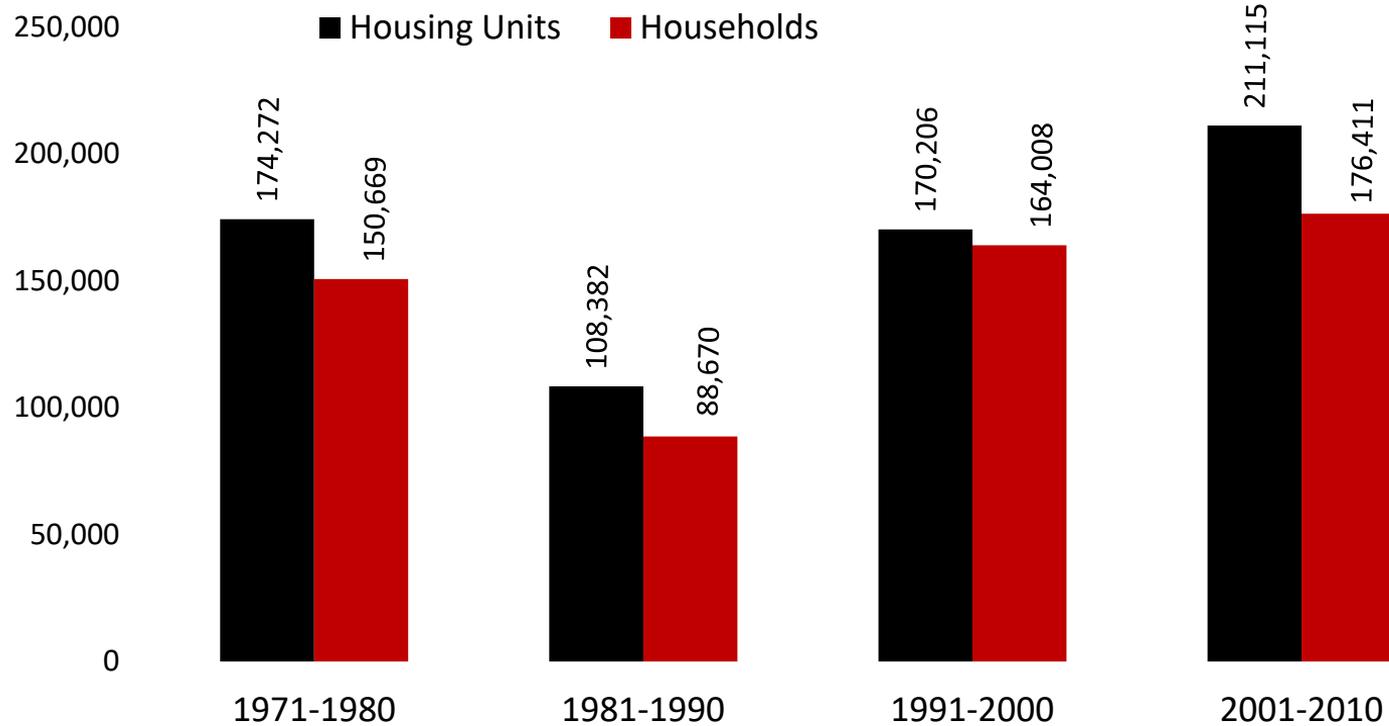
Note: Rental rate for 2021 is mid-year.

Source: Kem C. Gardner Policy Institute analysis of UtahRealEstate.com data

# Record Low Apartment Vacancy in Urban Utah

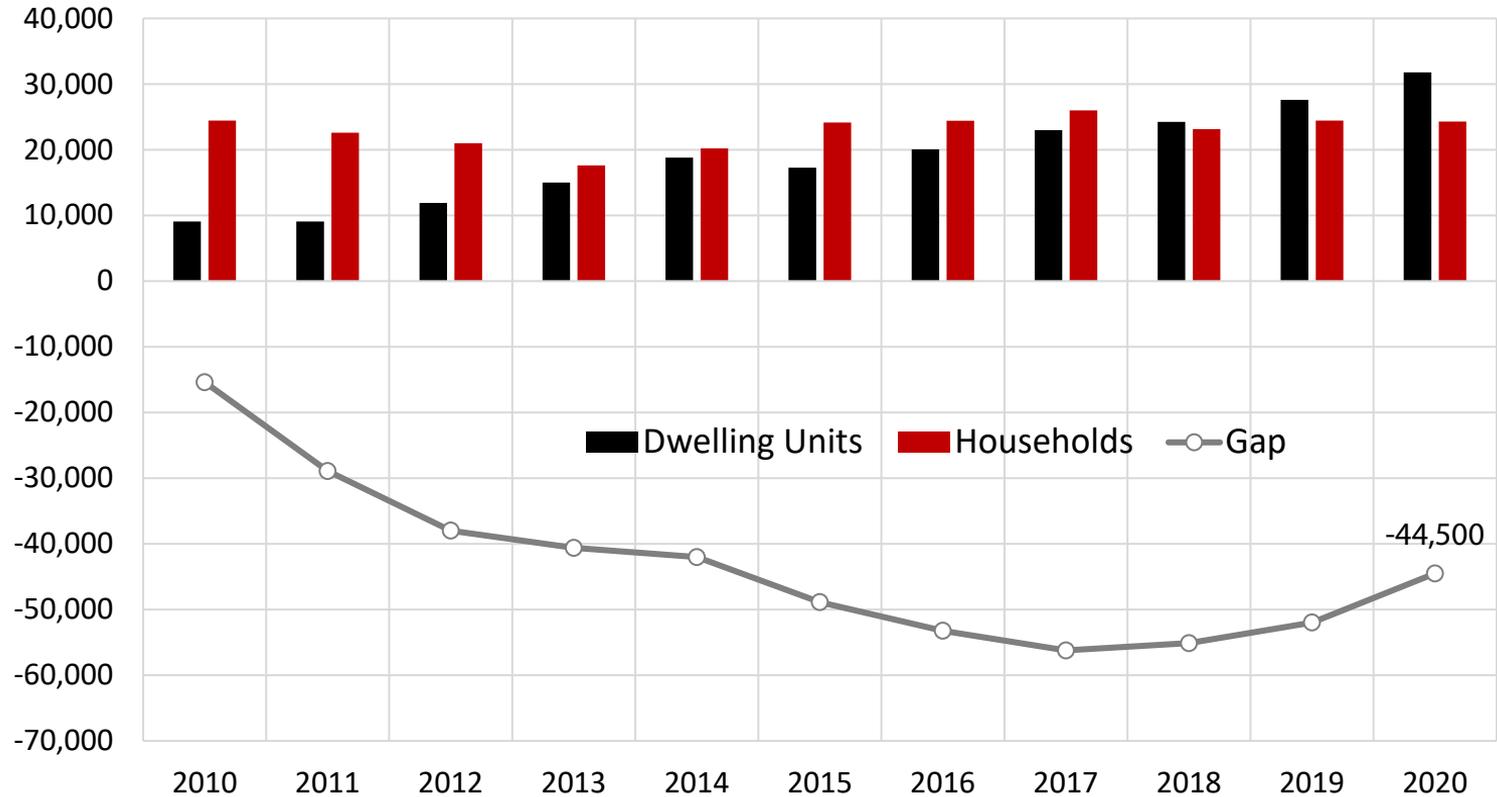


# Utah Supply has Outpaced Demand Previously



Source: Kem C Gardner Policy Institute

# Utah's Housing Gap



Source: Kem C Gardner Policy Institute

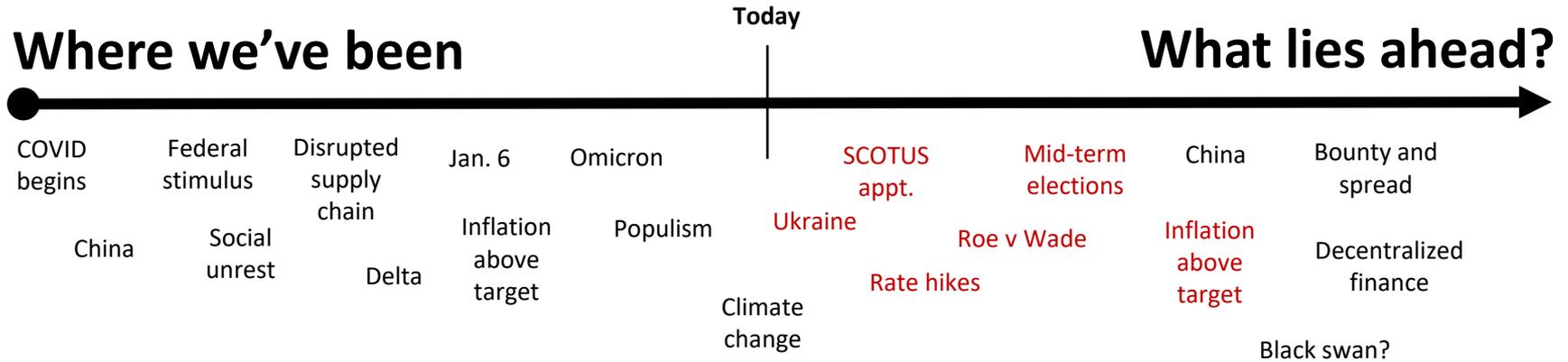
# What Next?

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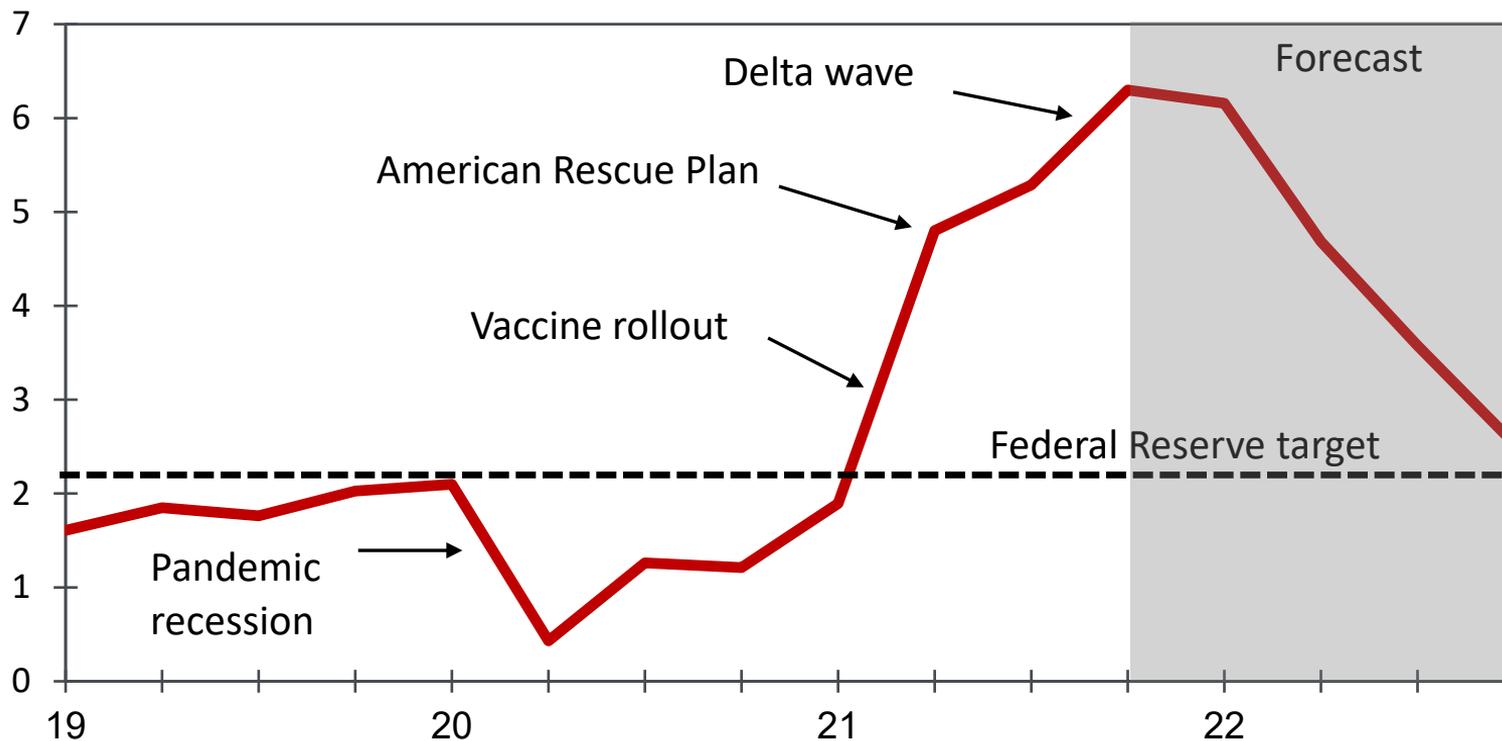
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# Ingredient #1: History and what lies ahead



# The Sting and Recovery from High Inflation

*Consumer price inflation, % change yr. ago, history and forecast*



Source: BLS, Moody's Analytics

# The Week: Editor's Letter Dec. 31, 2021



This is a dark time in a dark year. It began horribly, with a violent assault on the Capitol intended to stop the peaceful transfer of power—a first for our nation. The climate showed us where we're headed, as biblical droughts baked the West and sucked reservoirs dry, 115-degree heat waves paralyzed Portland and Seattle, and a polar cold snap froze Texas solid. Forests in the Western U.S. exploded into flames. Monstrous tornadoes—almost never seen in December—erased communities across Kentucky and the Midwest. The pandemic we thought we'd beaten in the spring roared back twice, through Greek-lettered, mutation-disguised variants that have filled hospitals and morgues with voluntarily unvaccinated. In this season of renewal and hope, it takes real effort to find optimism about the future in our sour, beleaguered hearts. (Cont. next slide)

# Editor's Letter Continued

We can reasonably hope the pandemic will wane this year at last, after holding humanity hostage for more than two years. But, there's no reason to expect an end to another viral epidemic—of misinformation and tribal hatred—that endangers our democracy. Americans no longer share common facts, information, or trusted sources and experts; extremists [*on both sides*] are pushing the parties further apart...In the face of so many troubles and sorrows, what do we do? For perspective I often think back to what my parents' generation faced, and how dark it must have felt as 1941 gave way to 1942. Then, as now, surrender was not an option. **Curse the darkness. Fight. Persist. The light is coming.** Eventually.

- William Falk, Editor-in-chief

# Best Thinking

1. Practice warm-heartedness.
2. Respect facts and deploy reason.
3. Seek balance.

# Recommended Strategies

1. Prepare for economic re-sorting.
2. Take care of yourself and your people.
3. Care for those left behind.
4. Invest in institutions.

# Utah Speaker Brad Wilson



It is said, *the pessimist complains about the wind, the optimist expects it to change, and the realist adjusts the sail.*

With deliberation, with cooperation, and with determination we can create a future we all want...let's be bold as we chart The Utah Way. Forward.

- Speaker Brad Wilson  
2022 House Address