



## A DIFFICULT DECADE 2000 TO 2010

Historically, Utah has been a high employment growth state. Since 1980 employment has grown annually at a percent rate of 3.0, which ranks third among all states, *Table 1*. Only Nevada and Arizona have had higher rates of employment growth. Looking at a shorter time frame—2000 to 2008—Utah maintains its high ranking, with an average annual growth rate of 2.0 percent, *Table 2*.

High rates of employment growth in Utah have been fueled by a number of factors over the years. Most prominent is the state's labor market conditions; a relatively low cost and high quality workforce. Interviews with firms

locating in Utah show that the single most important locational factor is the cost of labor, and Utah wage rates have been very competitive for a long time. The state's transportation network has also been a key advantage. The Delta Airlines hub and Utah's proximity to the California market—overnight by highway to coastal markets—are important for many firms, as is Utah's quality of life. Also the state's unique demographics have contributed to high rates of growth. Utah's birth rate is 50 percent higher than the national average and 25 percent higher than the second ranked state, Texas. A rapidly growing population increases demand for goods and services and ultimately boosts Utah's job growth.

**Table 1**  
Ranking of Top Five States by  
Employment Growth Rate - 1980 to 2008

State	1980 (000)	2008* (000)	Average Annual Growth Rate
Nevada	400	1,282	4.2%
Arizona	1,014	2,623	3.5%
Utah	551	1,257	3.0%
Florida	3,576	7,936	2.9%
California	6,852	15,117	2.9%

\* Annual estimates for 2008 have not yet been released. The July 2008 seasonally adjusted number for each state was used for 2008.  
Source: U.S. Bureau of Labor Statistics

**Table 2**  
Ranking of Top Five States by  
Employment Growth Rate - 2000 to 2008

State	2000 (000)	2008* (000)	Average Annual Growth Rate
Nevada	1,029	1,282	2.8%
Wyoming	239	296	2.7%
Idaho	560	654	2.0%
Utah	1,077	1,257	2.0%
Arizona	2,248	2,623	1.9%

\* Annual estimates for 2008 have not yet been released. The July 2008 seasonally adjusted number for each state was used for 2008.  
Source: U.S. Bureau of Labor Statistics

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Over the past year, traditionally high growth states have suffered painful reversals in job growth. Arizona's employment has dropped by 6.9 percent from March of 2008 to March of 2009. Florida is down 5.6 percent, Nevada 5.3 percent and California 4.2 percent. Utah does comparatively well with "only" a 2.7 percent decline in the past year, ranking the state 21st nationally in job performance. There is not much consolation in knowing that 29 states shed jobs at a faster pace.

Unfortunately, job losses are projected to accelerate in 2009, *Table 3*. Overall employment will be down

4.4 percent, a loss of 55,665 jobs. These numbers far exceed anything experienced by the Utah economy since the 1930s. Only two employment sectors will avoid declines in 2009; health care and government. Construction and manufacturing will shrink by 22.9 percent and 11.2 percent respectively. Construction employment peaked in 2007 at 103,450 jobs and is expected to bottom in 2010 at 65,000, culminating in a decline of 37 percent. The projections indicate that this year will be the worst year in job growth. Job losses should soften next year, but will still decline by 1.3 percent, equating to a loss of 15,500 jobs.

**Table 3**  
**Projected Nonagricultural Employment in Utah**

	2008	2009	2010	% Change 2008 - 2009	% Change 2009 - 2010
Mining	12,489	12,400	11,700	-0.7%	-5.6%
Construction	90,535	69,800	65,000	-22.9%	-6.9%
Manufacturing	125,871	111,800	107,200	-11.2%	-4.1%
Trade, Transportation and Utilities	248,044	239,000	234,600	-3.6%	-1.8%
Information	30,772	28,000	26,800	-9.0%	-4.3%
Financial Activity	74,069	71,300	70,900	-3.7%	-0.6%
Professional & Business Services	162,260	152,800	149,300	-5.8%	-2.3%
Health Care & Private Education	146,722	151,500	155,800	3.3%	2.8%
Leisure & Hospitality	114,920	111,000	109,600	-3.4%	-1.3%
Other Services	35,547	34,000	34,000	-4.4%	0.0%
Government	211,636	215,600	216,800	1.9%	0.6%
<b>Total</b>	<b>1,252,865</b>	<b>1,197,200</b>	<b>1,181,700</b>	<b>-4.4%</b>	<b>-1.3%</b>

Source: Utah Department of Workforce Services.

Despite Utah's historic position as a top five state in employment, the decade of 2000-2010 will go down as a very difficult decade, even though the state did lead the nation in relative job growth for several months in 2007 with employment growth near five percent. In the 1990s the state had an average annual employment growth of 4.0 percent for the decade, and in the 1970s a 4.4 percent growth rate, *Table 4*. In this decade the average annual growth rate will drop to 1.0 percent, significantly below the 2.7 percent recorded in what had been "the worst of times," the 1980s.

A recent Moody's Economy.com study identified five states that would lead out of the recession; Texas,

Colorado, Oregon, Idaho and Washington. These states all have a higher than typical concentration of high tech jobs. Only about six percent of the Utah labor force is in high tech employment, but the recovery will be broader than high tech, and Utah should participate fully in that recovery achieving growth rates above three percent. The state's favorable fundamentals are still in place—strong demographic growth, a low cost, high quality labor force, a beneficial transportation infrastructure and an inviting quality of life. These factors will remain the most important elements in corporate location and expansion decisions and will serve Utah well once the recovery is underway.

**Table 4**  
**Employment Change by Decade in Utah**

	Decade's Beginning Employment	Decade's Ending Employment	Numeric Change	Average Annual Growth Rate
1950-1960	189,153	263,307	74,154	3.4%
1960-1970	263,307	357,435	94,128	3.1%
1970-1980	357,435	551,889	194,454	4.4%
1980-1990	551,889	723,629	171,740	2.7%
1990-2000	723,629	1,074,879	351,250	4.0%
2000-2010	1,074,879	1,181,700	106,821	1.0%

Source: Utah Department of Workforce Services.

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This information is provided compliments of

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