

2013

Utah Counties in Review



An Economic Update

by the Utah Department of Workforce Services

Workforce Research and Analysis Division

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UTAH DEPARTMENT OF WORKFORCE SERVICES
WORKFORCE RESEARCH AND ANALYSIS
140 EAST 300 SOUTH
SALT LAKE CITY, UTAH 84111

PREPARED BY:

MeLauni Jensen

WRITTEN BY:

Lecia Langston

Eric Martinson

Jim Robson

Tyson Smith

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I. BEAR RIVER ECONOMIC SERVICE AREA: Box Elder, Cache, and Rich Counties

By Tyson Smith, Economist

BRIEF OVERVIEW

From 2012 to 2013, the Bear River region added an annual average of 1,608 nonfarm payroll jobs, a 2.4 percent year-over increase. Total nonfarm employment in the county averaged 69,628 jobs. The region grew employment at a slower rate than the rest of the state, which grew 3.3 percent over the year. The Department of Workforce Services projects total job growth from 2012 to 2022 to be 2.0 percent per year in Bear River, ultimately resulting in 79,028 jobs.

Federal, state and local governments employ 22.4 percent of the workforce in the region, while the five largest industries in the private-sector are manufacturing (22.2 percent), health care/social services (10.8 percent), retail trade (10.3 percent), accommodation/food services (6.9 percent), and professional/scientific/technical services (4.7 percent). Combined, those five industries represented 55 percent of the total nonfarm employment in the Bear River area in 2013.

Manufacturing is by far the largest private-sector industry in the region. Consider that Bear River's total employment in 2013 represented 5.4 percent of the total employment in Utah, but the percent of workers employed by manufacturing in Bear River was 13.0 percent of the statewide total manufacturing jobs. Moreover, manufacturing employment paid among the highest annual wages of any industry in the region. The average annual wage for manufacturing employees was \$42,667, which is \$11,347 more than the area average in Bear River.

BOX ELDER COUNTY

Job Growth

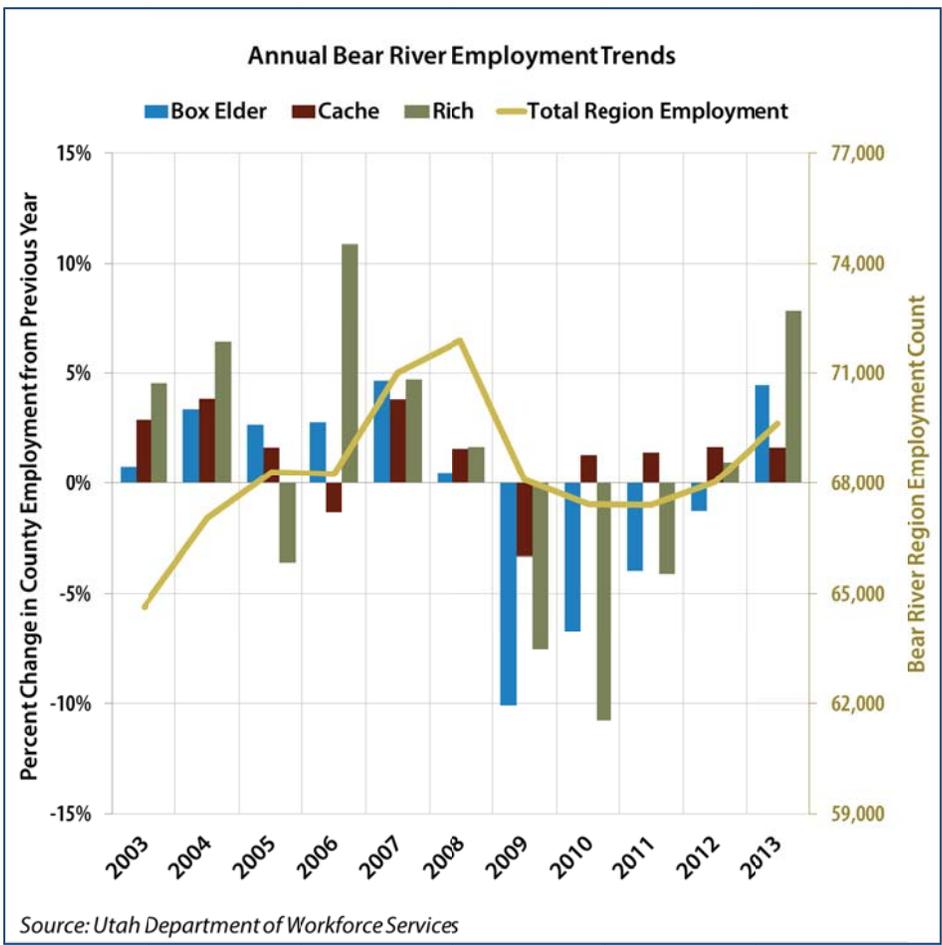
From 2012 to 2013, total nonfarm employment in Box Elder County increased 4.5 percent year-over-year. The economy added 724 nonfarm jobs, resulting in an annual average employment total of 16,955.

Annual goods-producing employment increased 6.2 percent, or an average of 342 jobs, from 2012 to 2013.

Manufacturing, the county's largest industry, added an average of 272 jobs, up 6.1 percent from 2012.

From 2012 to 2013, the service-providing sector added 278 jobs, a growth rate of 3.4 percent. The professional/business services and the trade/transportation/utilities groups tallied an annual average of 85 and 67 new jobs, respectively. Year-over growth of 9.9 percent in professional and business services understates the progress of this industry group from 2012 to 2013.

Government employment grew 4.0 percent from 2012 to 2013. Local government, which added an annual average of 105 employees, was responsible for 100 percent of the new government jobs added in the region. Federal government employment contracted 0.7 percent over the year.



Industry Analysis

Manufacturing is the predominant industry in the county. In 2013, 28.1 percent of total nonfarm employment was in manufacturing, compared to the state average of approximately 9 percent. The next largest industries as a percent of total employment were government at 15.8 percent, retail trade at 10.0 percent, health care/social assistance at 9.1 percent, transportation/warehousing at 7.5 percent, and accommodation/food services at 7.3 percent.

The average wage in Box Elder in 2013 – \$34,072 per year – was \$6,989 lower than the state average. Five of the ten largest industries in the county had annual wages above the area average. The manufacturing

industry had the highest annual wage of that group at \$48,601. The next highest annual wage among the ten largest industries was wholesale trade (\$41,068). The wage gap between manufacturing and the other large industries in Box Elder emphasizes the significance of manufacturing to the local economy.

Durable goods manufacturing made up 72.4 percent of all manufacturing jobs in the county in 2013. Durable goods are products that have long lifecycles and deliver utility over time. The largest Box Elder manufacturing firms produce goods like rocket and space vehicle propulsion units, motor vehicle parts and structural metals. Of the 79 manufacturing firms in Box Elder County last year, 59 were classified as durable goods manufacturers.

CACHE COUNTY

Job Growth

Total nonfarm employment in Cache County grew 1.6 percent from 2012 to 2013. Cache added 837 nonfarm jobs year-over-year, resulting in a total employment average of 52,013 in 2013.

Goods-producing employment increased by an annual average of 92 jobs, or 0.7 percent, from 2012 to 2013. Construction added approximately 110 jobs or 5.5 percent. Manufacturing on the other hand, lost an average of 19 positions or 0.2 percent.

Over the last year, service-providing employment in Cache grew 2.5 percent, adding an average of 632 jobs.

Educational/health/social services and financial activities increased 7.8 percent and 11.9 percent, respectively. Those two industry groups generated the most new jobs, on average, over the year – 462 in educational/health/social services and 173 in financial activities. Conversely, professional/business services shrank 3.2 percent from 2012 to 2013. These job losses came from the administrative support/waste management industry group.

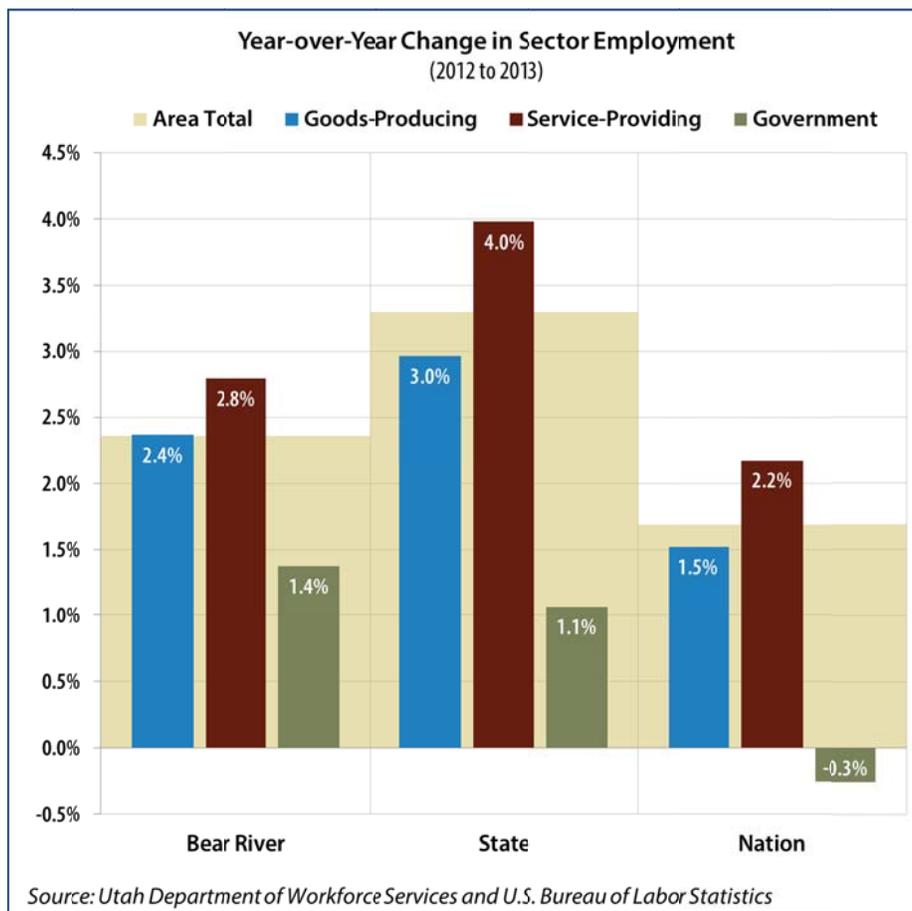
The annual average of government employment rose from 12,618 in 2012 to 12,728, or 0.9 percent, in 2013. From year-to-year, state government added 67 employees and local government added 50 jobs to the county.

Industry Analysis

The largest private-sector industry in Cache County was manufacturing, employing 20.6 percent of the total nonfarm workers in the county last year. Government accounted for 24.5 percent of total employment last year. Nearly three quarters of government employees work in educational services, compared to the Utah average of 48 percent. Utah State University contributes the majority of the state employed educational services workers.

The average wage in Cache in 2013 – \$31,010 per year – was \$10,050 lower than the state average. Six of the ten largest industries in Cache County had annual wages above the county average: professional/scientific/technical services (\$41,165), manufacturing (\$40,555), finance/insurance (\$39,014), transportation/warehousing (\$35,013), construction (\$31,324), and health care/social sciences (\$31,214).

Nondurable goods manufacturing represented 55.3 percent of all manufacturing employment in the county last year. Nondurable goods are those products that are immediately consumed or those that have a short lifespan of less than three years. Four of the five largest manufacturing firms in Cache County are nondurable goods manufacturers, including animal slaughtering, cheese production and pharmaceutical preparation.



RICH COUNTY

Job Growth

Total nonfarm employment in Rich County increased 7.9 percent from 2012 to 2013. Average total employment in 2013 measured 660, a 48 job increase from the previous year.

On average, employment in this sector remained virtually stagnant in 2013. Construction, which makes up approximately 80 percent of all goods-producing jobs in the county, lost two jobs over the year.

This sector added an average of 48 jobs from 2012 to 2013 for a growth rate of 13.9 percent. Over the year, the leisure/hospitality and the professional/business services groups increased by 29 and 25 jobs, respectively.

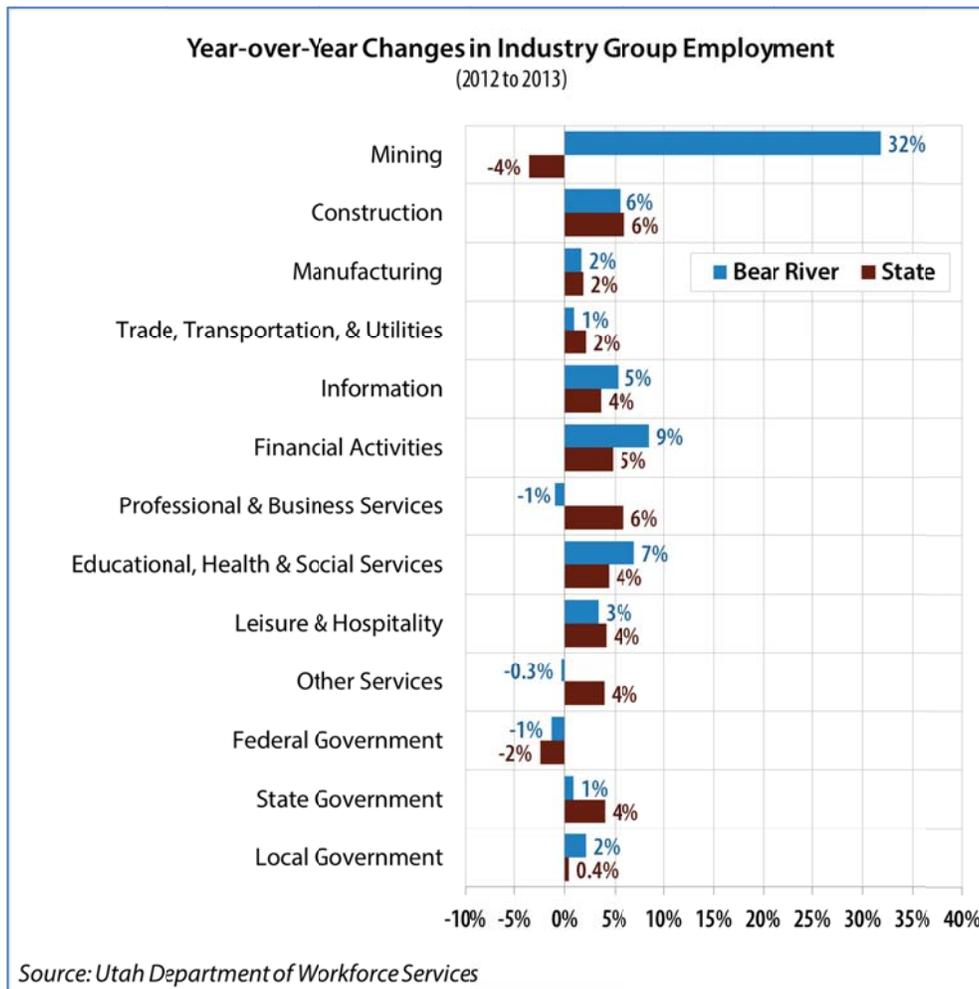
Government employment remained almost static in 2013. State and federal government employment remained stable, while local governments lost one job over the year.

Industry Analysis

Rich County's largest industry is government, making up 33.3 percent of all employment last year. Ninety-five percent of government employees in Rich County were employed by city and county agencies, primarily in K-12 education. The largest private sector industry in Rich County is accommodation and food services, which employed 22.6 percent of the

workforce in 2013. Tourism, while not a defined Bureau of Labor Statistics industry, is captured by the relatively high proportion of accommodation and food services employment. In the summer, tourists flock to Bear Lake, causing local hotels, lodges and restaurants to triple or quadruple their staff to meet consumer demand.

Because of the tourism base, the average wage in Rich County in 2013 – \$24,594 per year – was \$16,467 lower than the state average. Four of the six largest industries in Rich had annual wages above the county average. On average, government employees made \$32,524 per year. However, local government employees – which comprise 82.5 percent of all government jobs in the county – made \$28,316 per



year. Although the accommodation and food services industry makes up a large proportion of employment in the county, the annual wages in 2013 were \$9,198 less than the county average.

Employment in the accommodation and food services industry was split relatively evenly in 2013, with a small majority of the workforce in food services and drinking places. Accommodations include hotels and recreational camps, while the food services industry includes restaurants, catering and drinking establishments.

II. WASATCH FRONT NORTH ECONOMIC SERVICE AREA: Davis, Morgan and Weber Counties

By Tyson Smith, Economist

BRIEF OVERVIEW

From 2012 to 2013 the Wasatch Front North (WFN) region added an annual average of 5,629 nonfarm payroll jobs, a 2.8 percent year over increase. Total nonfarm employment in the county averaged 207,231 jobs. The region grew employment at a slower rate than the rest of the state, which grew 3.3 percent throughout 2013. The Department of Workforce Services projects total job growth from 2012 to 2022 to be 2.0 percent per year in the WFN, ultimately resulting in 244,168 jobs.

Federal, state and local governments employ 22.7 percent of the WFN workforce while the five largest industries in the private-sector are retail trade (12.0 percent), manufacturing (11.3 percent), health care/social services (11.3 percent), accommodation/food services (7.4 percent), and construction (6.1 percent). Combined, those five industries represented 48.2 percent of the total nonfarm employment in the WFN area in 2013.

Government employment in the WFN was approximately five percentage points higher than the state average in 2013. The WFN has a high concentration of federal government employment, representing 9.0 percent of total nonfarm employment in the area compared to the state average of 2.7 percent. Manufacturing, the third largest industry in the WFN, employs 11.3 percent of the total nonfarm workforce. Unlike the other large industries in the area, manufacturing has a considerable regional specialization. As a percent of total employment, manufacturing in the WFN is approximately two percentage points higher than it is in the State of Utah and the United States. Furthermore, the annual wage in the manufacturing industry is \$13,653 higher than the regional average.

DAVIS COUNTY

Job Growth

Total nonfarm employment in Davis County increased 2.5 percent year-over-year. From 2012 to 2013 Davis added 2,715 nonfarm jobs, resulting in an annual average employment total of 110,727.

Annual goods-producing employment increased 4.1 percent, or an average of 733 jobs, from 2012 to 2013. Manufacturing, the county's largest goods-producing industry, added an average of 370 jobs, up 3.5 percent from 2012.

From 2012 to 2013 the service-providing sector added 2,289 jobs year-over-year, a growth rate of 3.6 percent. The professional/business services and the educational/health/social services groups tallied an annual average of 1,280 and 763 new jobs, respectively. The Davis trade/transportation/utilities industry group had the largest employment decrease in the region, losing 312 jobs (1.5 percent).

Government employment fell 1.1 percent from 2012 to 2013. The federal government, which lost an annual average of 305 employees, was responsible for over 90 percent of the decline in government jobs in the county.

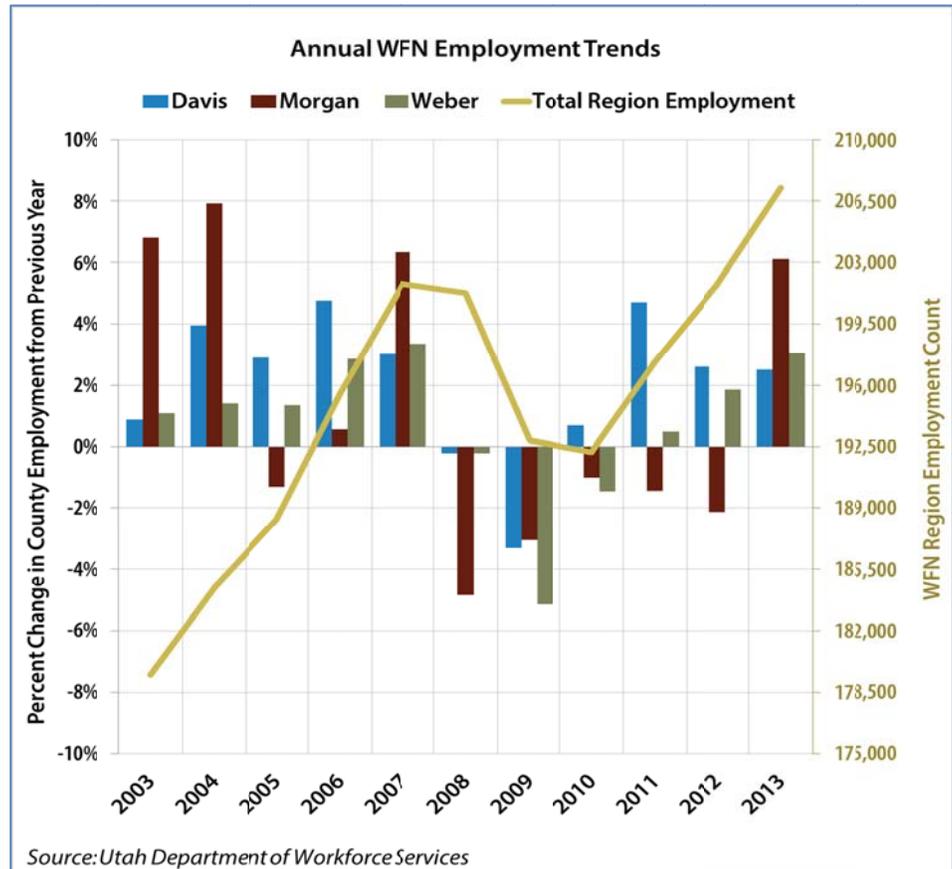
Industry Analysis

In Davis County last year, 23.7 percent of total nonfarm employment was in government, with federal employees occupying over 47 percent of those jobs. National security jobs accounted for 90.8 percent of federal government employment in Davis County in 2013, most of which came from the county's largest employer, Hill Air Force Base. The next largest industries, as a percent of total employment, were retail trade (12.0 percent), health care/social assistance (10.2 percent), manufacturing (9.8 percent) and accommodation/food services (8.9 percent).

The average wage in Davis

County in 2013 – \$39,086 per year – was \$1,974 lower than the state average. Four of the ten largest industries in Davis County had annual above average wages. The professional/scientific/technical services industry had the highest annual private-sector wage at \$59,233 per year, \$20,146 above the county average. Federal government wages peaked at \$66,948. The wage disparity between federal government employees and the county average emphasizes the value of the industry to the Davis County economy.

The Department of Defense employed 11,203 of the 12,332 federal workers in the county in 2013, while state and local government agencies contributed 1,102 and 12,794 jobs to the economy, respectively.



MORGAN COUNTY

Job Growth

Total nonfarm employment in Morgan County grew 6.1 percent from 2012 to 2013. Morgan added an average of 107 nonfarm jobs year-over-year, resulting in total employment of 1,856.

Goods-producing employment increased by an annual average of 17 jobs, or 3.4 percent, from 2012 to 2013. Construction added approximately 23 jobs or 7.8 percent.

Over the last year, service-providing employment in Morgan grew 10.0 percent, adding an average of 79 jobs. Trade/transportation/utilities and professional/business services increased 12.5 percent and 18.2 percent, respectively. Retail trade alone added 34 jobs, an annual increase of 20.4 percent.

The annual average of government employment rose from 456 in 2012 to 467 in 2013. From year-to-year, the local government added an average of 9 employees and federal government added 2 jobs in the county.

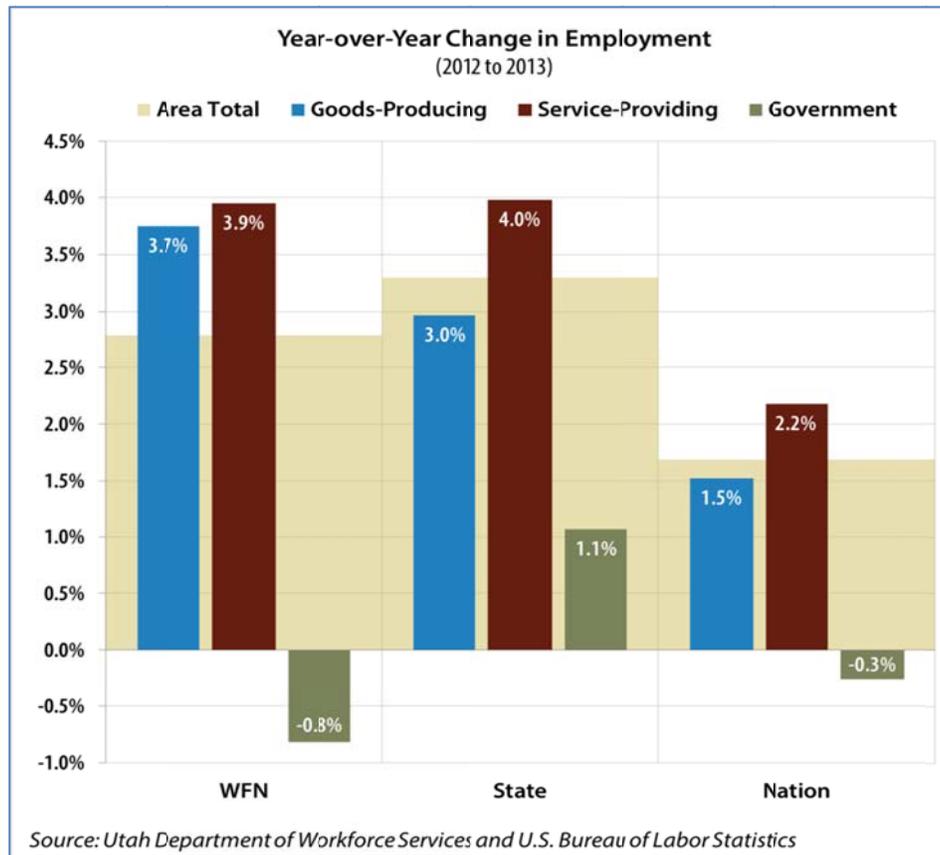
Industry Analysis

Government jobs made up 25.1 percent of total nonfarm employment in Morgan County with local government accounting for 433 of the 467 employed workers. The construction industry employed 17.4 percent of the total workforce last year, 7.4 percentage points higher than the second largest industry, retail trade. Construction managed to be the largest private-sector industry in the county, despite employing 28.2 percent less workers than it did in 2007, when employment peaked at an annual average of 449 workers (currently 323 workers).

The average wage in Morgan County in 2013 – \$35,383 per year – was \$5,677 lower than the state average. The wholesale trade industry employed 8.6 percent of the Morgan County total nonfarm workforce and paid the highest wages at \$72,720 per year. The construction industry, which makes up the largest proportion of county private-sector

employment, had annual wages of \$35,626 per year.

Over three-quarters of the construction employment in Morgan County last year was in the specialty trade industry, which includes contractors that perform functions like site preparation, plumbing and HVAC, and electrical, among others.



WEBER COUNTY

Job Growth

Year-over total nonfarm employment in Weber County increased 3.1 percent from 2012 to 2013. Average total employment in 2013 was 94,647, a 2,808 job increase from the previous year.

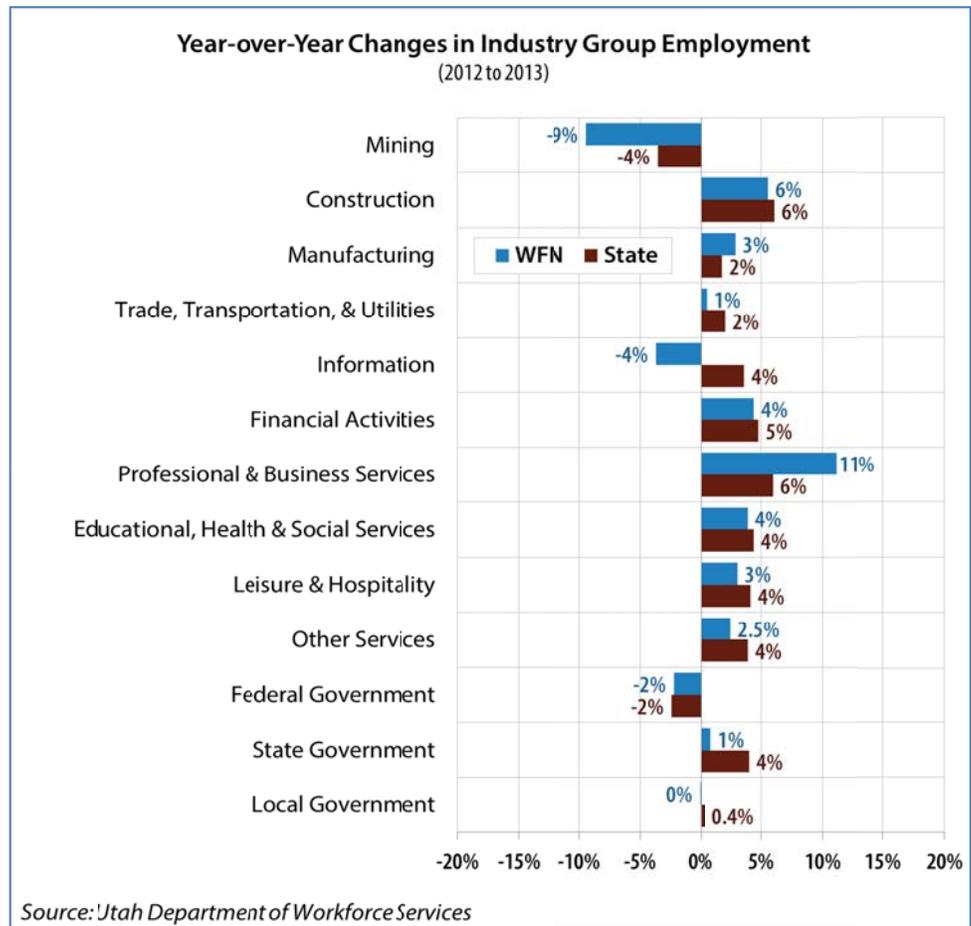
On average, employment in this category increased by 564 total jobs (3.4 percent) from 2012. Manufacturing, which makes up approximately 72 percent of all goods-producing jobs in the county, added 299 jobs (2.5 percent) over the year.

This category added an average of 2,336 jobs from 2012 to 2013 for a growth rate of 4.3 percent. Over the year, the professional/business services and the trade/transportation/utilities groups increased by 1,232 and 484 jobs, respectively.

Government employment shrank by 0.5 percent from 2012 to 2013, which equates to an annual average of 95 jobs. Federal and local government employment fell 1.9 and 0.6 percent, respectively, while state government increased approximately 84 jobs over the year.

Industry Analysis

Weber County has the most diverse economy in the Wasatch Front North. In terms of total employment, Weber County has the third largest manufacturing industry in the State of Utah behind Salt Lake and Utah counties. The total number of manufacturing employees in Weber County in 2013 was 12,414, or 13.1 percent of the total nonfarm employment compared to 8.4 percent in Salt Lake County and 8.7 percent in Utah County. The health care/social assistance industry was the second largest private-sector industry last year at 12.8 percent of total nonfarm employment, followed by retail trade at 12.0 percent and accommodation/food services at 7.4 percent.



The average wage in Weber County in 2013 – \$36,339 per year – was \$4,722 lower than the state average. In Weber County six of the ten largest industries had annual wages above the county average. In the two private-sector industries with the largest employment base — manufacturing and health care/social assistance — the average annual wage was \$50,604 and \$40,819, respectively. Government jobs, which account for 21.4 percent of total nonfarm employment in the county, paid average annual wages of \$38,293. Government wages varied greatly though among federal (\$51,472), state (\$32,422), and local (\$32,434) government employees.

Durable goods manufacturing made up 75.2 percent of all county manufacturing jobs in 2013. Durable goods are products that have long lifecycles and deliver utility over time. Of the 259 manufacturing firms in Weber County last year, 180 were classified as durable goods manufacturers. The largest Weber County manufacturing firms produce goods like motor vehicle parts, surgical and medical instruments, nonferrous metals and power cylinders and actuators.

III. WASATCH FRONT SOUTH ECONOMIC SERVICE AREA: Salt Lake and Tooele Counties

By James Robson, Economist

BRIEF OVERVIEW

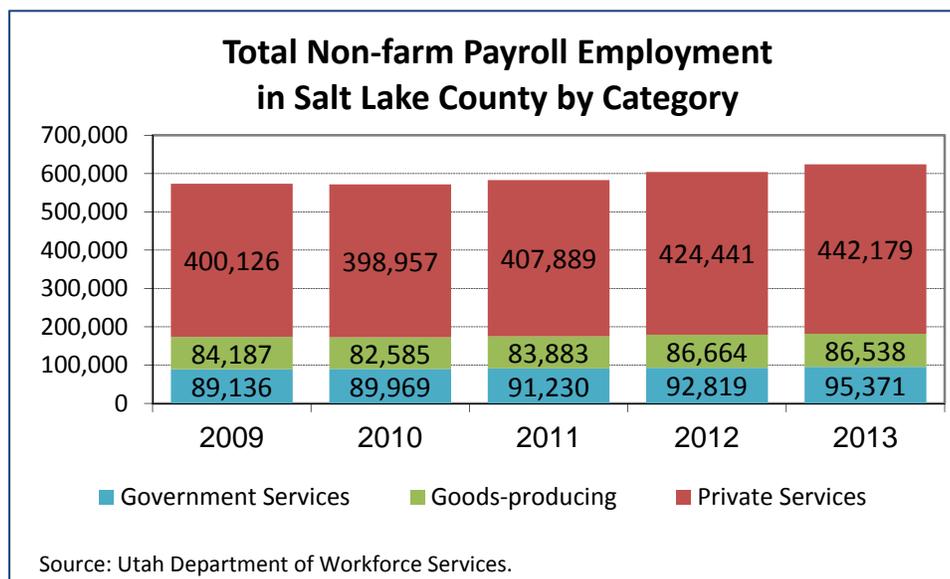
In 2013, the Wasatch Front South completed its second consecutive year of strong employment growth and a third complete year of recovery since the Great Recession. Employment growth averaged 3.2 percent for the year and the region's unemployment rate averaged 4.2 percent. Labor market conditions have mended considerably over the past three years. Net new job growth totaled 19,769 in 2013 to bring the average regional nonfarm payroll employment total to 639,507.

Job growth is occurring across all but two major industry groups, with the federal government and mining shedding jobs. The industries with the strongest job growth include: professional/business services, education/healthcare/social services, trade/transportation/utilities, leisure/hospitality, financial activities, and state government.

Sustained job growth and an improving labor market will characterize economic conditions throughout 2014 with job growth averaging around 2.3 to 3.0 percent. The above average job increases will continue to bring down the unemployment rate in 2014. The unemployment rate will likely continue to range between 3.1 and 3.7 percent in the coming year.

SALT LAKE COUNTY

Salt Lake County labor market conditions have improved considerably over the past three years. Job growth occurred across all but two major industry groups with the exceptions of mining and the federal government employment. Overall, average nonfarm employment growth in 2013 was 3.3 percent. The 20,163 new jobs increased total employment to 624,088. Many of the new jobs are being created in professional/business services, leisure/hospitality, trade and healthcare.



The unemployment rate in Salt Lake County during 2010 averaged 7.9 percent as a result of the recession. By 2012, unemployment had dropped to 5.2 percent and declined another full percentage point to 4.2 percent in 2013, with about 24,300 residents unemployed. In 2010 there were an estimated 43,600 unemployed Salt Lake County residents. Initial claims for unemployment benefits, while still above the incredibly low levels seen prior to the recession, are at their lowest level in five years.

The stabilization, improvement and expansion in the Salt Lake County labor market since mid-year 2010 have been reflected in gross taxable sales. For 15 consecutive quarters, second quarter 2010 through fourth quarter 2013, Salt Lake County year-over sales tax collections have been positive.

Construction was the hardest hit industry with the most significant job losses during the recession. Salt Lake County construction activity hit bottom in 2010 with employment averaging 29,724. In 2011, the average number of jobs was essentially unchanged while housing unit permits and valuations were up 9.7 percent and 20.7 percent, respectively and non-residential permitted valuations were up by 103 percent. Total 2011 construction valuations were up by 49.9 percent over 2010 levels.

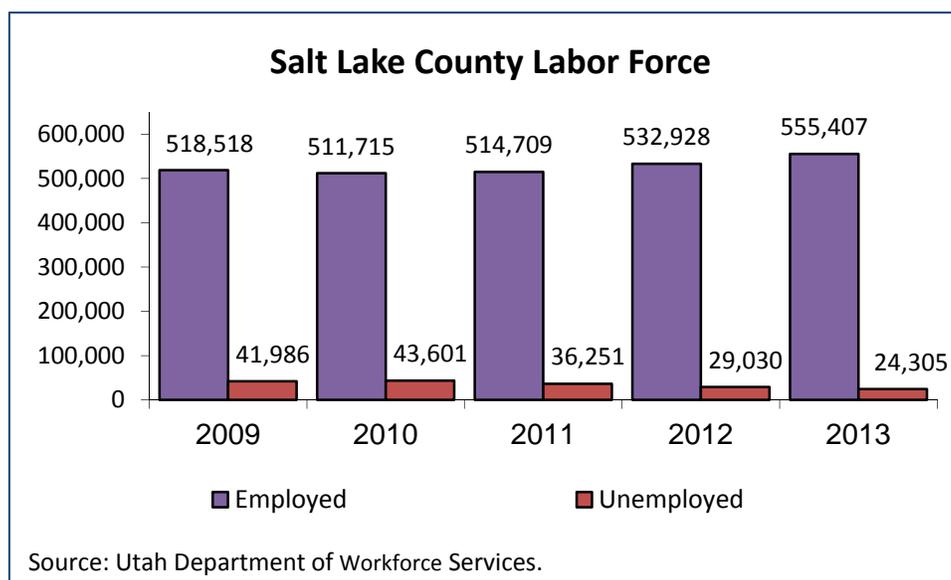
In 2012, overall construction activity, as measured by total permitted value of construction compared to 2011, was up by only 1.4 percent. There was less activity in commercial, industrial, apartments and condominiums compared to 2011. Construction employment increased by 1,024 in 2012 in Salt Lake County, which can be attributed to an increase in single-family home permits of 2,072 in 2012 compared to 1,239 for 2011.

For 2013 construction employment remained about the same level averaging just 72 more jobs than recorded in 2012. Housing unit permits increased 41.1 percent to 5,193 units but the value of non-residential construction was down by 32.7 percent.

In 2013, the 624,088 nonfarm payroll jobs came with \$28.9 billion in wages paid in Salt Lake County, accounting for almost half of the jobs (48.4 percent) and 54.5 percent of wages paid within Utah. There are 1.08 million residents in the county or 37.2 percent of the state's population. There is a significant daily net inflow of workers into the county from surrounding areas to staff the available jobs.

In Salt Lake County the four industries that paid the most total wages in 2013 were professional, scientific and technical services at 10.5 percent or \$3.02 billion, manufacturing at 10.3 percent or \$2.97 billion, finance and insurance at 9.1 percent or \$2.63 billion and health care and social services at 8.6 percent or \$2.49 billion. Together these four major industries account for \$11.12 billion in payroll wages or 38.5 percent of total wages paid. These industries provide 31.3 percent of all payroll jobs in the county.

Professional, scientific and technical services (PSTS) had a total of 43,990 jobs with large sub-industries of computer systems design (10,249 jobs), architecture and engineering services (7,716 jobs), legal services (5,968 jobs), management and technical consulting (4,887 jobs) and accounting and bookkeeping (4,708 jobs). Some firms in these PSTS sub-industries include EMC, 3M Health Information Systems, Nelson Laboratories, Williams WPC, Kirton and McConkie, Ray, Quinney & Nebeker, ADP Dealer Services, Sutter Connect and H & R Block.



Within manufacturing's 52,560 jobs, the largest sub-industries are computer and electronic product manufacturing (8,623 jobs), medical equipment and supplies manufacturing (6,649 jobs), food manufacturing (4,918 jobs) and fabricated

metal product manufacturing (4,785 jobs). Large firms within these manufacturing sub-industries include L-3 Communications, Merit Medical Systems, Ultradent Products, Northrop Grumman, Becton Dickinson, Varian Medical Systems and Old Home Bakery.

Of the total 39,522 jobs in finance and insurance, the largest sub-industries are credit intermediation banks, credit unions and other depository and no depository credit services (21,193 jobs), insurance carriers (11,920 jobs) and securities, commodity contracts and investments (6,251 jobs). Notable firms include Zions Bank, Wells Fargo Bank, American Express, Discover Products, Goldman Sachs, Fidelity Brokerage Services and Mountain America Credit Union.

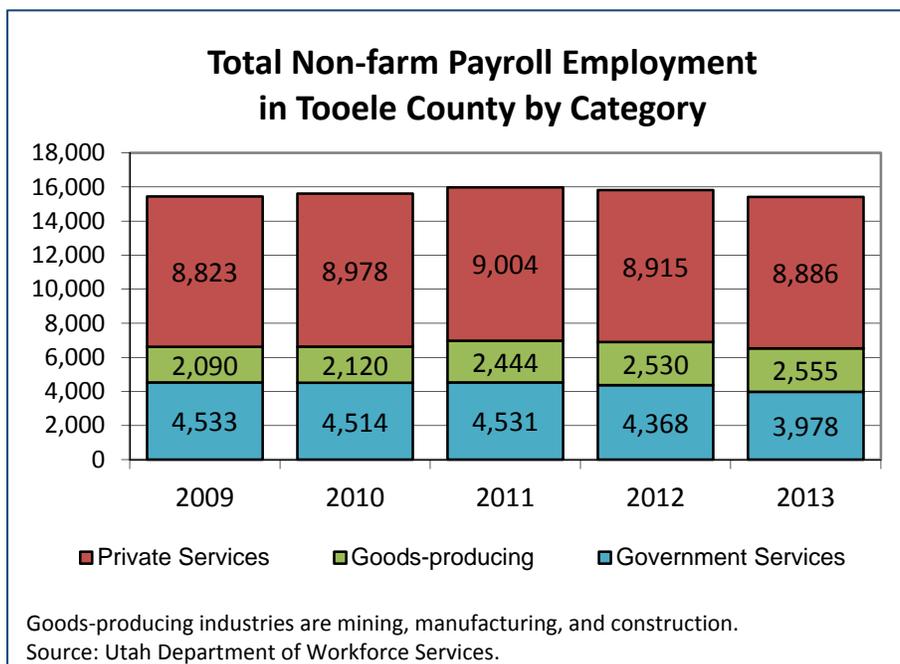
Private health care and social services employment totals 59,264, with the largest sub-industries of ambulatory health care — offices of doctors, dentists, outpatient care — and laboratories (25,493 jobs), hospitals (16,040 jobs) and social assistance (9,047 jobs). Large firms in these sub-industries include Intermountain Health Care, ARUP Laboratories, St. Marks Hospital, Jordan Valley Hospital and Salt Lake Regional Medical Center.

There are two prominent government-run health care institutions in Salt Lake County. Within state government is the University of Utah Hospital and in the federal government is the Veterans Administration Hospital.

In Salt Lake County, continuing job growth and an improving labor market will characterize economic conditions during 2014, which will gradually bring down the unemployment rate to range between 3.0 and 3.5 percent in 2014.

TOOELE COUNTY

During 2012, overall employment receded by 165 jobs, a decline of 1.0 percent as job gains in other industries were overwhelmed by significant reductions in professional and business services (-290 jobs) and the federal government (-178 jobs). Parts of these losses are due to the ongoing closure of the Deseret Chemical Depot (DCD) that finished the destruction of the large stockpile of U.S. chemical weapons in January 2012. Reductions of 1,000 direct jobs have impacted waste management, professional/scientific/ technical services and federal defense industries; with associated declines in incomes and expenditures having negative effects on the labor market in Tooele County and the larger regional economy. The process of decommissioning and closing this complex with related job losses will not be complete until August 2014.



Tooele County's own job recession continued through 2013. Average annual employment averaged 15,419 for 2013, a loss of 395 positions or a decline of 2.5 percent. The three largest job reductions occurred in the federal government shedding 221 jobs, local government (including decreases in public education) declining by 168, administrative support/waste management services declining by 151 jobs.

In 2013, the five industries that added the most jobs were accommodation and food services (+79), construction (+48), transportation and warehousing (+48), retail trade (+30) and entertainment and recreation (+28).

In 2013, three important industries paid 44.5 percent of payroll wages and provide 30.3 percent of all jobs. Administrative support/waste management paid \$116.0 million or 17.2 percent of the county total, federal government jobs paid \$93.6 million or 13.9 percent and manufacturing paid \$89.6 million or 13.3 percent.

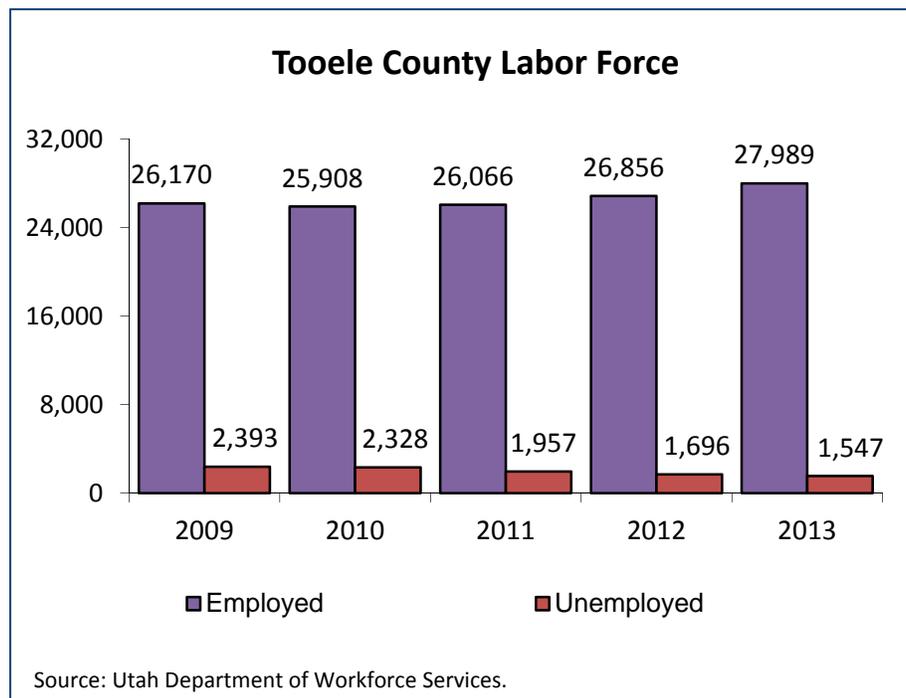
The total number of jobs in Tooele County averaged 15,419 during 2013. The three top industries listed above accounted for 10.3, 9.2 and 10.9 percent of total jobs, respectively. A fourth industry, with 10.2 percent of employment, is local government education (kindergarten through 12th grade), which is of significant size because of the large number of children in the county.

Of the 1,583 jobs in administrative support/waste management, 61.9 percent of the jobs are in waste treatment and disposal, with the three most prominent businesses being EG & G Defense Materials, Energy Solutions and Clean Harbors.

In Tooele County, there were 1,230 civilian employees of the Department of Defense or 87.0 percent of the total 1,413 federal government jobs in 2013.

Manufacturing, with 1,678 jobs are found primarily within three sub-industry groups: primary metal manufacturing (695 jobs), machinery manufacturing (338 jobs) and food manufacturing (305) jobs. Important manufacturing firms represented within these sub-industries include US Magnesium, ATI Titanium, Detroit diesel Remanufacturing, Morton Salt and Cargill.

In 2013, the Tooele County unemployment rate averaged 5.2 percent, down significantly from 5.9 percent for 2012. The recessionary peak was 2009 when unemployment averaged 8.4 percent. On average there were an estimated 1,547 unemployed and 27,989 employed residents in 2013.



The job outlook for Tooele County through the end of summer 2014 will likely be further contraction, at which time year-over job growth may re-emerge. Tooele is, of course, part of the greater Salt Lake City Metropolitan area and many of its residents work in this wider labor market. Between 40 to 50 percent of county residents with payroll jobs commute to the Salt Lake area for employment. The current relative strength in the Salt Lake County labor market continues to provide support to Tooele County residents during this period of in-county job transition.

IV. MOUNTAINLAND ECONOMIC SERVICE AREA: Utah, Summit, Wasatch, and Juab Counties

By James Robson, Economist

BRIEF OVERVIEW

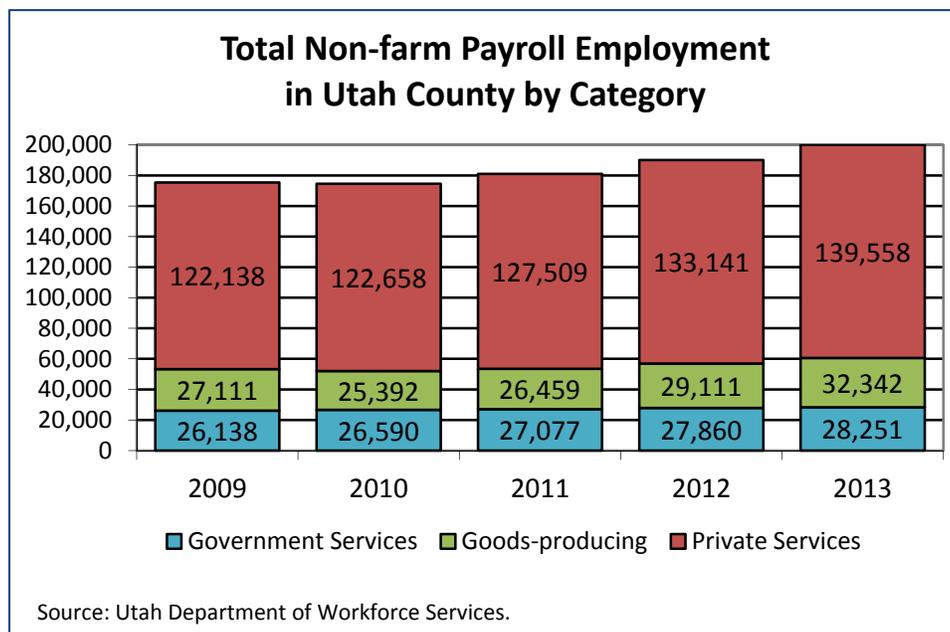
The Mountainland region's labor market again improved significantly in 2013 with above average year-over job growth of 5.1 percent. Payroll employment averaged 233,539. Unemployment continues to subside in 2013 averaging 4.3 percent, a one percentage point drop from 2012. There were an estimated 11,949 unemployed and 267,679 employed residents in the Mountainland counties.

The economy's major strength is that all major industries adding to employment with only three relatively small exceptions: arts, entertainment and recreation lost 107 positions, federal employment dropped by 39 and utilities shed 19 jobs. Major industry groups that added more than 950 jobs include construction, health care, professional/scientific/technical services, retail trade, manufacturing and food services.

The strong job growth and healthy labor market that characterized the Mountainland region are continuing in 2014. Expected employment growth between 4.5 and 5.2 percent will contribute to ongoing prosperity and reduced unemployment in the area in 2014.

UTAH COUNTY

The Utah County economy moved forward robustly in 2013 with vibrant business and job growth. The economy has shown great strength over the past three years. Job growth is as strong now as it was before the recession.



In 2013, the estimated number of payroll jobs in Utah County increased on average by 5.3 percent over 2012, with 10,040 new positions. Employment opportunities were expanding in virtually all major industrial sectors. The largest number of new jobs was added by the construction industry with 2,321, an increase over 2012 of 18.6 percent. The majority of these new positions were in residential housing construction. This new construction activity is reflected in related industries such as furniture manufacturing,

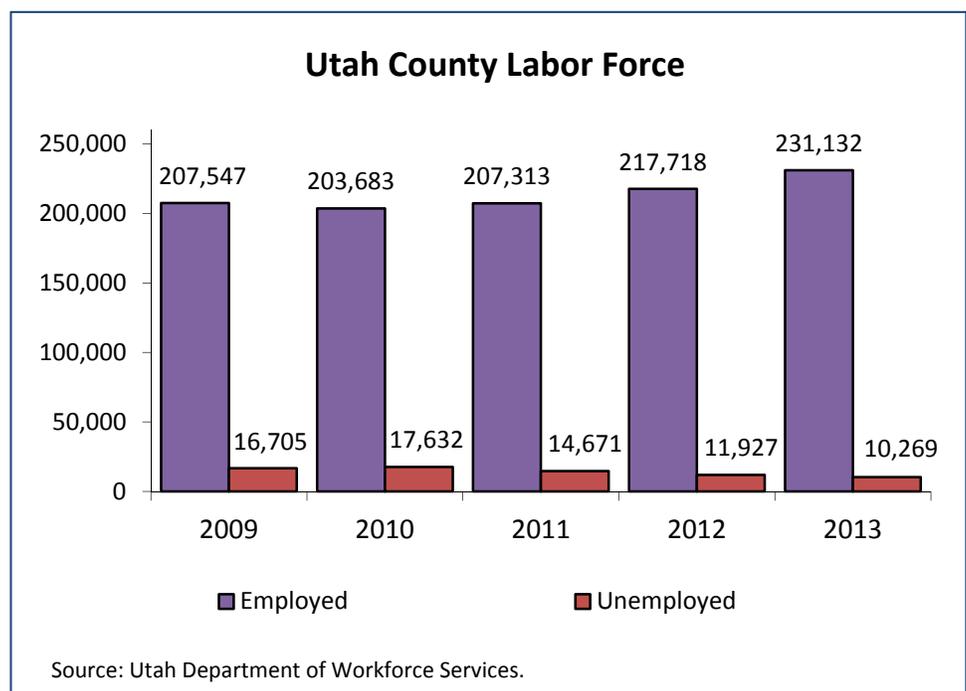
building materials and garden supply stores, and real estate services—all of which experienced healthy job gains. Commercial and industrial building construction provided additional strength in construction.

In addition to the 2,321 construction jobs, six other private sector industries grew by 747 to 1,544 net new jobs each. Leading this list is trade (wholesale and retail) with 1,544. Within trade, clothing and clothing accessories stores added the most jobs. Health care and social services contributed 1,330 new positions. Professional, scientific and technical services increased by 1,181 jobs, with computer systems design, advertising, management consulting and technical consulting providing the most new job opportunities. Manufacturing businesses added an impressive 934 jobs with an estimated increase of 5.6 percent above 2012. Restaurants and food services increased 911 and information added 782 jobs.

There were 200,151 jobs and \$7.46 billion in payroll wages paid in Utah County in 2013, or 15.5 percent and 14.1 percent, respectively, of the jobs and wages paid in Utah. There are 551,891 residents in the county, or 19 percent of the state’s population.

In Utah County the four industries that paid the most total wages that paid the most total wages in 2013 were manufacturing, at 11.4 percent or \$848.5 million, health care and social services at 10.7 percent or \$797.0 million, professional, scientific and technical services at 10.7 percent or \$795.2 million, and information at 9.7 percent or \$701.9 million.

Together these four major industries account for \$3.1 billion in total wages, or 42.1 percent of all wages paid in Utah County. These top four provide 30.8 percent of all payroll jobs in the county. They pay above average wages compared to the county average monthly wage.



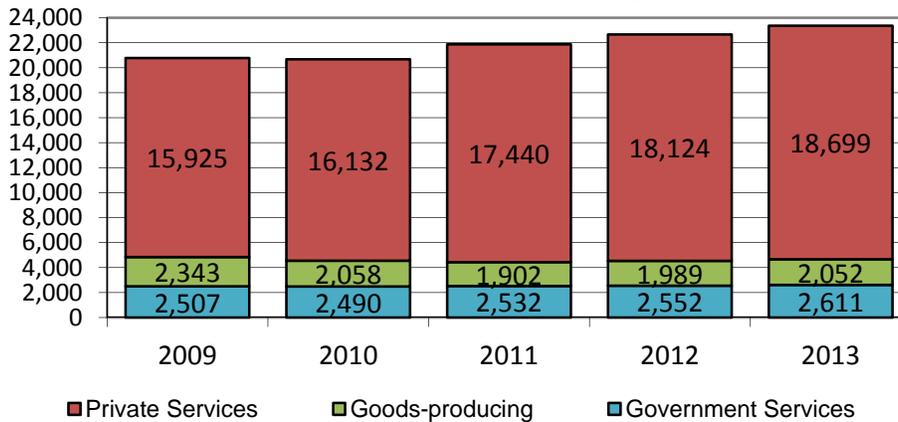
The unemployment rate in Utah County peaked in November 2009 at 8.4 percent, with 18,644 residents who could not find work. On average in 2013, the unemployment rate was 4.3 percent, with about 10,269 unemployed workers. The average number of employed residents of Utah County in 2013 was 231,132.

The 2014 outlook for Utah County will likely see employment growth moderate somewhat to a range between 4.5 to 5.3 percent. The growth rate in construction jobs will likely slow, yet still adding to the higher level of jobs achieved across the last two years. Manufacturing job increases should subside from the lofty 5.6 percent in 2013. One other major contributor to the robust Utah county economy is professional/scientific/technical services. These better-than-average-paying jobs are expected to increase faster than the County average growth.

SUMMIT COUNTY

In 2013, Summit County job growth slowed modestly from the pace of expansion seen in 2012. For the year, job growth was 3.1 percent or 697 new payroll positions, bringing total employment on average for the year to 23,362. Jobs grew 3.6 percent in 2012.

**Total Non-farm Payroll Employment
in Summit County by Category**



Goods-producing industries are mining, manufacturing, and construction.
Source: Utah Department of Workforce Services.

The top performing industries are as follows.

Professional/scientific/technical services added the most jobs, increasing by 130 mostly among computer systems design, advertising, management consulting and technical services. Construction employment expanded by 102 jobs, primarily related to residential construction activities. Connected to the improving housing environment was an increase in real estate services of 111 new jobs.

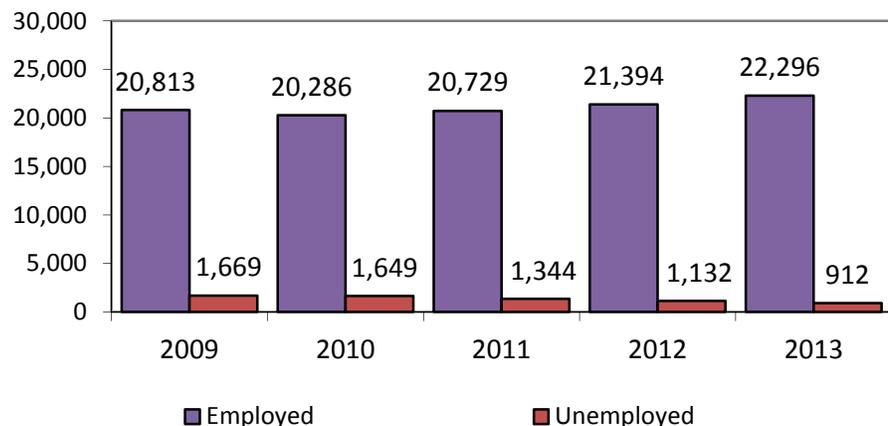
Arts/entertainment/recreation grew by 91 positions, with two-thirds of these in skiing facilities. Health care and social services employment expanded by 87 jobs. Finally, retail trade added 82 net new jobs.

There were three industries that noticeably reduced employment. Accommodation and food services cut 46 positions in 2013. This appears to be a little retrenchment from strong growth the previous two years. Manufacturing shed 33 jobs by-in-large in computer and electronic product manufacturing. Private education employment declined by 25.

In 2013, three top industries paid 37.8 percent of wages and provided over one half of all jobs (52.1 percent) in Summit County. In terms of total wages, accommodation and food services paid \$135.9 million or 15.9 percent of the county total; retail trade jobs paid \$95.0 million, or 11.1 percent; and arts, entertainment and recreation paid \$ 92.8 million, or 10.9 percent. These top industries reflect the importance of recreation, tourism and travel to the Summit County economy. The

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Summit County Labor Force



Source: Utah Department of Workforce Services.

three top industries accounted for 23.7, 14.6 and 13.8 percent of total jobs, respectively.

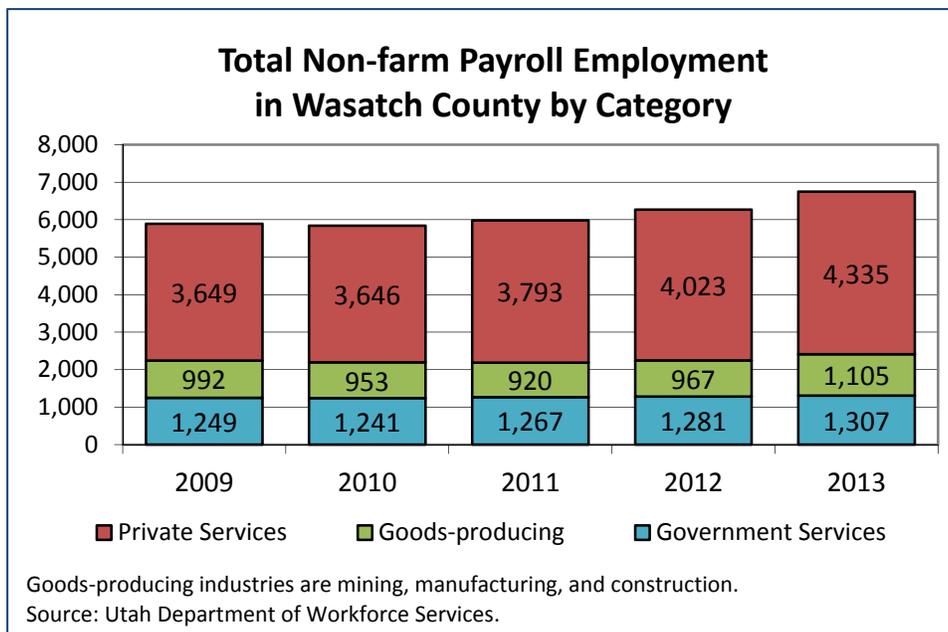
The 5,539 jobs in accommodations and food services are almost divided equally between food services (mostly restaurants at 2,848 jobs) and traveler accommodations (2,691 jobs). Retail trade employment in 2013 averaged 3,413, with the largest sub-industries being clothing and clothing accessories stores (851 jobs), food and beverage stores (646 jobs) and sporting goods, hobby, book and music stores (327 jobs). In the third major industry for the county, arts, entertainment and recreation, most of the 3,224 jobs are within three sub industry groups: skiing facilities (2,025 jobs), golf courses and county clubs (485 jobs) and performing arts and spectator sports (436 jobs).

The Summit County jobless rate topped out at 8.0 percent in November 2009 as a result of the recession. It has since receded to average just 3.9 percent in 2013. Unemployment continues to decline in 2014. Initial claims for unemployment benefits are at their lowest level in five years.

Summit County’s forecasted job growth in 2014 should range between 700 to 900 new jobs, which is somewhat better than the 697 experienced in 2013. Employment gains among the majority of industry sectors will continue, however the rapid increases in professional and business services will likely moderate.

WASATCH COUNTY

Wasatch County showed a mixed bag in terms of job growth in 2011 with as many industries showing job losses as those showing job gains. Robust job growth returned in 2012, with overall employment increase for the year of 4.9 percent. The labor market and economy strengthened even more in 2013, with jobs increasing by 7.6 percent, or 477 new positions. The new jobs were spread broadly across most industries. Only two areas had employment declines, a reduction of eight jobs by financial institutions (banks and credit unions) and a loss of two federal government jobs.

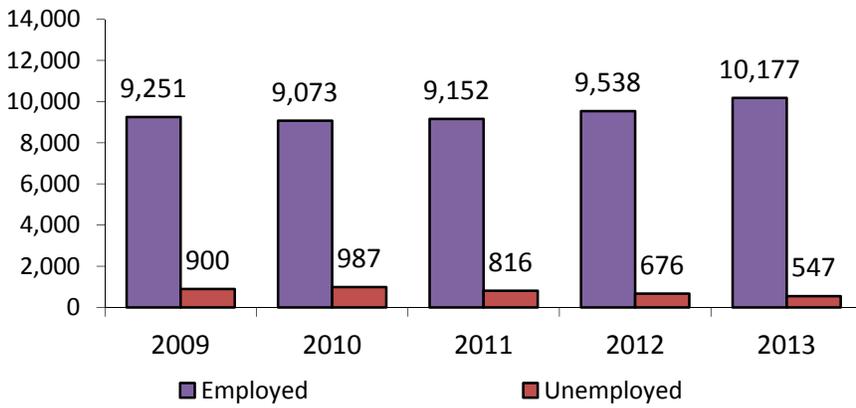


The largest job increases occurred in construction (+104), health care and social services (+68), retail trade and wholesale trade (+59), administrative support and business services (+57) and accommodation and food services (+45).

In 2013, the three largest industries paid 39.3 percent of wages in Wasatch County and comprised 38.0 percent of the jobs. For wages paid, construction made up \$41.9 million, or 19.0 percent, of the county total; local government

education paid \$23.0 million, or 10.5 percent; and retail trade paid \$21.5 million, or 9.8 percent. The total number of jobs in Wasatch County averaged 6,748 during 2013. The three top industries accounted for 12.7, 8.7 and 14.9 percent of total jobs, respectively.

Wasatch County Labor Force



Source: Utah Department of Workforce Services.

Construction employed an annual average of 854 with sub-industries of residential specialty trade contractors (354 jobs), residential building construction (277 jobs) and heavy and civil engineering construction (222 jobs). Some important firms in construction include RMD Management, Probst Electric, Summit Line Construction and Euclid Group. Local government education, with 590 jobs, is the Wasatch County School District. The third major industry, retail trade, employed 1,006 in 2013. The largest sub groups are food and beverage

stores (322 jobs), general merchandise stores (213 jobs), motor vehicle and parts dealers (116 jobs) and gasoline stations (110 jobs). Important firms represented within retail trade include Wal-Mart, Smith's Food and Drug, D. Brothers, Escape Motorsports and JTC Transport.

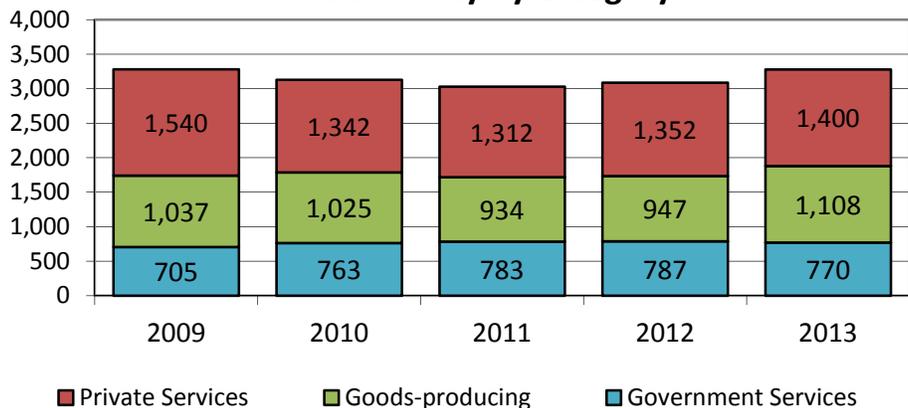
In 2013, the unemployment rate averaged about 5.1 percent. During the recession, unemployment peaked in Wasatch County at 10.1 percent at the beginning of 2010. On average during 2013, 547 residents were unemployed and 10,177 were employed.

The 2014 job outlook for Wasatch County is bright, forecasted to be similar to that experienced in 2013, to range between 7.0 to 8.0 percent.

JUAB COUNTY

In 2012, Juab County experienced relatively tepid job increases of 1.9 percent, or 58 new jobs, compared to 2011. The job picture in 2013 was very different, with strong employment growth starting off the year in the first quarter with 259 new jobs compared to a year earlier growing by 8.8 percent. Later in the year the job growth rate cooled somewhat and by the end of 2013 the year-over growth in jobs was 4.8 percent. On average, for 2013, there were 3,278 total jobs, 193 more than in 2012, an increase of 6.3 percent.

Total Non-farm Payroll Employment in Juab County by Category



Goods-producing industries are mining, manufacturing, and construction.

Source: Utah Department of Workforce Services.

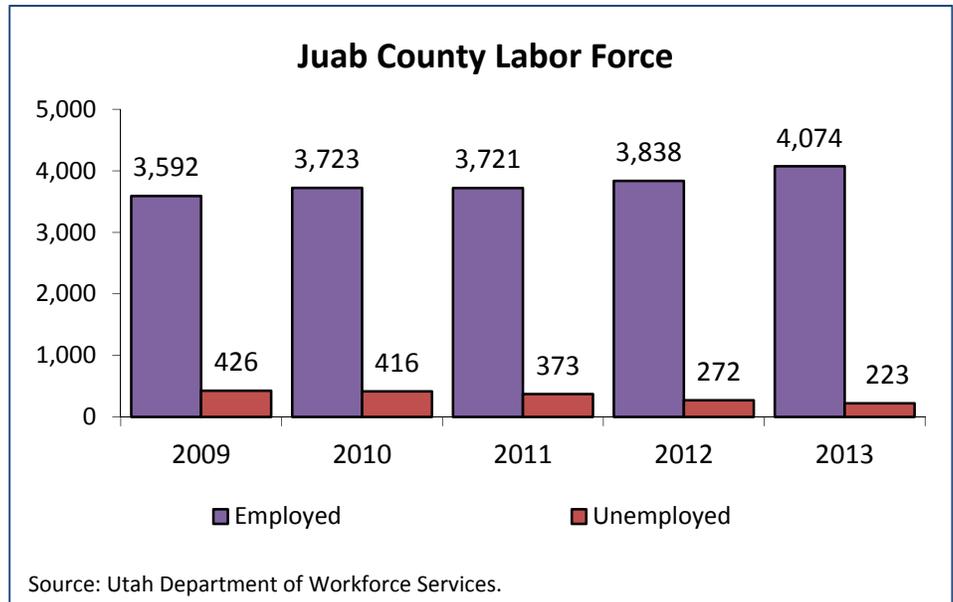
The four industries that added the most jobs were construction—mostly nonresidential building construction (+122), manufacturing (+37), health care and social services (+22) and professional and business services (+18). One industry, public education, cut back significantly by 2.2 percent or 18 jobs.

In Juab County, the top three largest industries paid 51.0 percent of wages with 46.6 percent of the jobs. For wages paid, manufacturing reached \$29.6 million, or 27.2 percent of the county total; health care and social assistance paid \$15.7 million or 14.4 percent; and local government education paid \$10.2 million, or 9.4 percent. The three top industries accounted for 20.8, 14.5 and 11.4 percent of total jobs, respectively.

Manufacturing employed an annual average of 681 with sub-industries of plastic and rubber products (176 jobs), fabricated metal products (152 jobs) and nonmetallic mineral production (146 jobs). Some important firms in manufacturing include NRP Jones, Ash Grove Cement Company, Sunset Rail and Barnes Bullets. The second major industry, health care and social services, employed 474 people in 2013. The largest sub-industry of ambulatory health care consists mostly of doctor and dentist offices (129 jobs), hospitals (216 jobs) and nursing and residential care facilities (113 jobs). Firms in these sub-industries include Central Valley Medical, Canyon Hills Health Care and Journey Impact Ranch. Local government education, with 374 jobs, is made up of Juab County School District employees.

In 2013, the Juab unemployment rate averaged 5.2 percent, down significantly from 6.6 percent for 2012. The recessionary peak was 2009 when unemployment averaged 10.6 percent. On average there were an estimated 223 unemployed and 4,074 employed residents in 2013.

The 2014 job outlook may be much reduced from 2013, particularly if there are not enough new construction projects to replace those that are finished.



V. UINTAH BASIN ECONOMIC SERVICE AREA: Daggett, Duchesne, and Uintah Counties

By Eric Martinson, Economist

BRIEF OVERVIEW

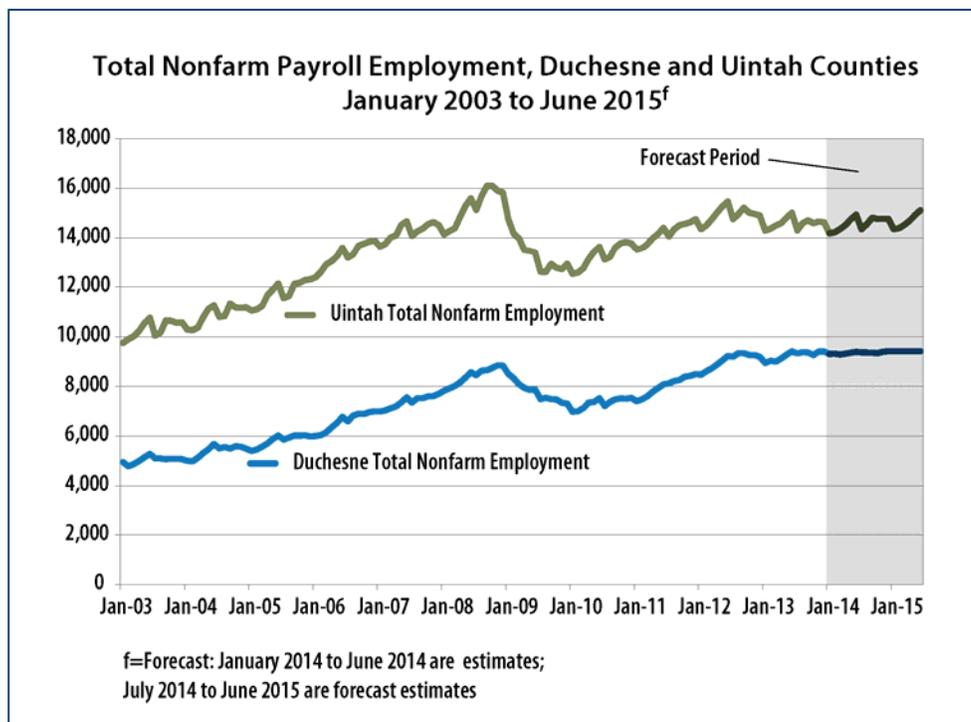
The comprehensive Quarterly Census of Employment and Wages (QCEW) provides for a 2013 year-in-review for the Uintah Basin economy (Daggett, Duchesne, and Uintah Counties).

The Uintah Basin had a mixed year in terms of economic activity. The average level of employment in 2013 was 24,240. This was about 140 fewer jobs than the average employment level in 2012, representing a 0.6-percent decline. While Duchesne County netted an annual average gain of 2.2 percent year-over payroll employment during 2013, this was offset by a 2.3-percent year-over decline in Uintah County. Daggett County's aggregate job market remained virtually unchanged from 2012 to 2013. The 0.8-percent slip in total nonfarm jobs for Daggett was of little impact to the overall Uintah Basin labor market total since Daggett represents less than 2 percent of total employment in the Uintah Basin.

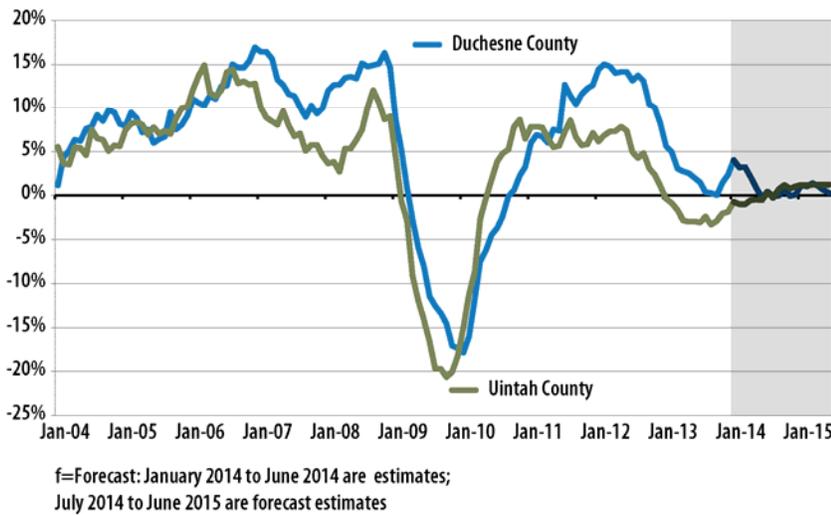
Throughout 2013, the majority of job gains in the Basin came from the services-providing sector, with highest net gains in trade and leisure and hospitality. Other noticeable gains came from education, health and social services as well as local government employment. Higher services-providing growth was a shift from the high growth produced by the goods-producing sector during 2012. Mining and construction job losses in Uintah County contributed to the overall weaker goods-producing sector for 2013, which fell by 3.7 percent in the Uintah Basin compared to 2012.

UINTAH COUNTY

Uintah County's annual average employment level in 2013 was 14,590, a year-over decrease of 2.3 percent. The largest 2013 sector-level employment gains occurred in local government and other services. The deepest net declines were felt in construction, dropping 13 percent, year-over-year, and mining, which fell by over 4 percent.



**Total Nonfarm Payroll Employment,
Year-Over-Year Percent Change, January 2004 to June 2015^f**



Uintah County's 2013 average unemployment rate measured 3.6 percent, two-tenths of a percentage point below 2012 and 0.8 percentage points lower than the state's 2013 average. The four week moving average of initial unemployment claims throughout 2013 were back to mirroring the pre-recession years.

The total employment change for Uintah County in January 2013 was -0.4 percent. By May, total employment declined by 3.0 percent and continued this trend until September, where year-over employment fell to -3.3 percent. By the last quarter of 2013, the trend appeared to reverse and December had

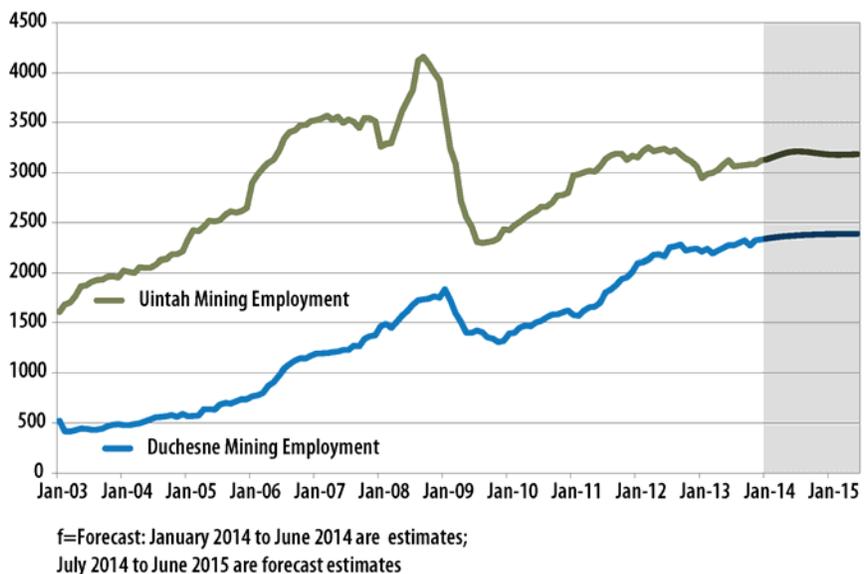
pulled back year-over employment losses to -1.8 percent.

Like total employment, total area wages in Uintah County during 2013 slipped year-over by 0.5 percent, or \$3.7 million. The largest declines were in the goods-producing sector, particularly construction. The services-providing sector added \$3.4 million on a year-over-year basis, up 1 percent. The pinch in wages seems to have been reflected in lower quarterly taxable sales for 2013, which were negative throughout the year in Uintah County, though the trend improved as the year moved forward.

DUCHESNE COUNTY

Duchesne County continued to exhibit a growth trend, though it became more subdued compared to the ramping up prevalent over the several previous years. The average annual employment level in 2013 was 9,249, about 200 more jobs than in 2012. Mining payroll employment continued to grow, increasing just over 3 percent compared to 2012. Construction, on the other hand, fell an estimated 11 percent, countering the gains made in mining employment. In all, the goods-producing sector remained relatively unchanged for 2013. The services-providing industries rallied to provide almost 4 percent

Mining Payroll Employment, January 2003 to June 2015^f



in year-over growth. Largest net employment gains were seen in retail and wholesale trade, health care and social services, and local government. Transportation and warehousing, an important industry in Duchesne largely because of the natural resources extraction industry, fell by almost 40 jobs or roughly 4 percent for the year.

Overall, Duchesne County's 2013 unemployment rate averaged 3.5 percent, among the lowest county unemployment rates in the state. Initial unemployment claims (on a four-week, moving-average basis) were relatively low throughout 2013 and in line with economically robust 2007, a pre-recession year.

Overall, total 2013 nonfarm payroll wages increased by 4-percent over payrolls of 2012, an increase of \$16.8 million. While the year-over percentage change in taxable sales was very strong from 2010 to 2012, 2013 had relatively subdued sales growth. Looked at as a gauge of consumer (households) and investment (businesses) sentiment, taxable sales showed strong growth in the first quarter of 2013, but lowered to around 2 percent during the second and third quarters. By the fourth quarter, year-over taxable sales drifted slightly into the negative region. This is not to say that spending is starting to retreat, but that growth is starting to level off, which is not surprising given the significant amount of growth that had occurred over the last several years in the county.

DAGGETT COUNTY

The average annual level of employment for Daggett County in 2013 was around 400, which was virtually unchanged compared to the previous year. The goods-producing sector, admittedly not a very heavily-employed sector, remained unchanged in terms of payroll employment counts. The same can be said for the services-providing sector. Leisure and hospitality, the heart of the county's private sector employment, picked up slightly during 2013, while the public sector saw a slight drop in payroll employment.

VI. CASTLE COUNTRY AND SOUTHEAST ECONOMIC SERVICE AREAS: Carbon, Emery, Grand and San Juan Counties

By Eric Martinson, Economist

BRIEF OVERVIEW

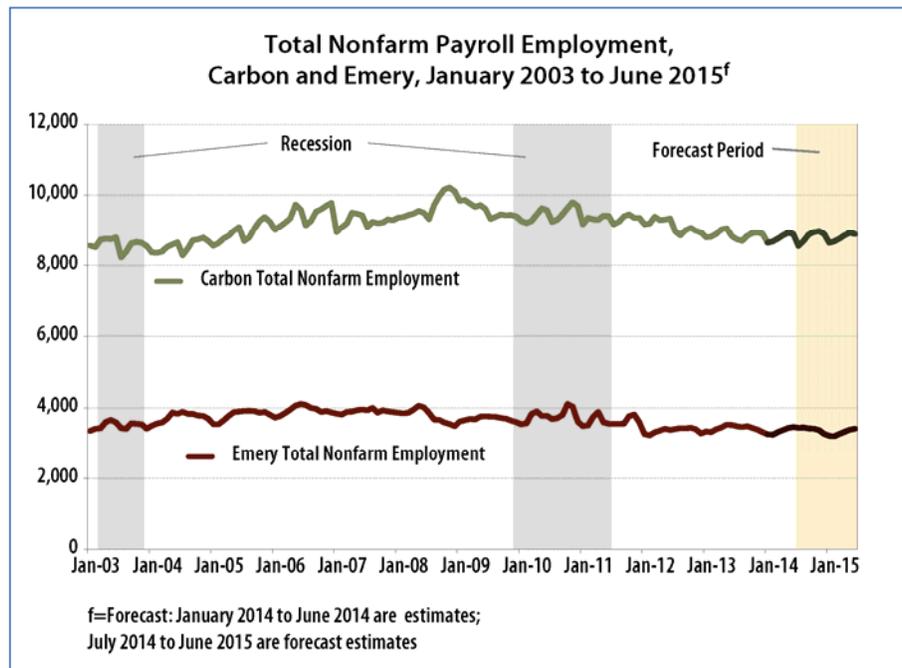
The comprehensive Quarterly Census of Employment and Wages (QCEW) provides for a 2013 year-in-review for Castle Country (Carbon and Emery Counties) and Southeast Utah (Grand and San Juan counties).

Castle Country, historically driven by coal mining operations, saw another year of employment decline as coal's decreased demand has slowed the economy. The labor market in Southeast Utah's two counties was mixed, on the other hand, but together produced measurable growth in 2013. Southeast Utah is a tourism and recreation hotspot—from the iconic Monument Valley in San Juan County to the red rock mecca of Arches and Canyonlands National Parks—and this drives the Southeast economy.

CASTLE COUNTRY

The coal mining industry has been the casualty of progressively declining demand for that resource that supports electricity generation, steel manufacturing, and other industrial-production processes. The fact that the coal industry has been at the heart of the Castle Country economy for over a century underscores the influence the industry has on the region's overall wellbeing. During 2013, the year-over change in total nonfarm employment was down 1.5 percent—with mining as one of the major job-loss areas. Construction jobs too, were down in the region. Retail trade and accommodation and food services helped to offset some of the overall net employment loss.

The Castle Country population seems to be reacting to the difficult labor economy as Carbon County's population is estimated to have dropped by 1.5 percent as of June 2013 compared to the previous year. Emery County's population also fell by 1.5 percent over the same period. These are the largest county-level estimated population percentage declines in the state.



CARBON COUNTY

Total nonfarm payroll employment for Carbon County was down by 3 percent year-over-year. Total wages were also down, having fallen by 3.5 percent. The largest net decrease in jobs came from coal mining, down 16 percent during 2013. This initiated a 10-percent decrease in employment in the goods-producing sector. The services-producing sector saw some net decrease as well during 2013, which was down over 100 jobs on an annual basis for 2013. Professional and business services and government contributed largely to the net loss in services-producing employment, while gains in retail and leisure and hospitality helped to temper the losses to some extent.

A gauge of consumer (households) and investment (businesses) sentiment, year-over taxable sales were in the red during all four quarters of 2013, though the trend seemed to improve as the year progressed. By the fourth quarter 2013, year-over taxable sales were down 1 percent compared to 6 percent in the first quarter of 2013. In the face of the overall declining employment in Carbon County, reduced consumption expenditures are expected.

EMERY COUNTY

The Emery County labor economy, like Carbon's, also has a long history with the coal industry, whether it be pulling coal from in-county mines, or residents working in the Carbon County mines. The 2013 overall picture was much the same as in Carbon. Interestingly, employment during 2013 showed an increase of 2 percent. Mining employment estimates were up by over 13 percent on an annual average. However, further inspection reveals this "growth" is actually due to a non-economic factor. With thousands of employers to dialogue throughout the state in the Quarterly Census of Employment and Wages, there are times when employers are credited to the wrong county. In this case, an Emery County mine was improperly credited to Carbon County, and that was rectified in 2013. This non-economic change alters the time series of payroll employment, yet it is only an accounting change, not an actual economic/business condition employment change. Mining employment, once the non-economic factor is adjusted, shows a steady decline throughout 2013. This, in turn, would have led to an overall lower rate of growth for total payroll employment in Emery during 2013.

The services-providing sector was little changed in the aggregate from 2012 to 2013. Trade, transportation and utilities was down an estimated 25 jobs, or about 3 percent, while local government was up 5 percent, or 39 jobs, year-over-year. Taxable investments were significantly up during the end of 2013, likely a sign of periodic utilities/power plant maintenance and upgrades. This translated to an overall year-over increase in total quarterly taxable sales of 6 percent for 2013.

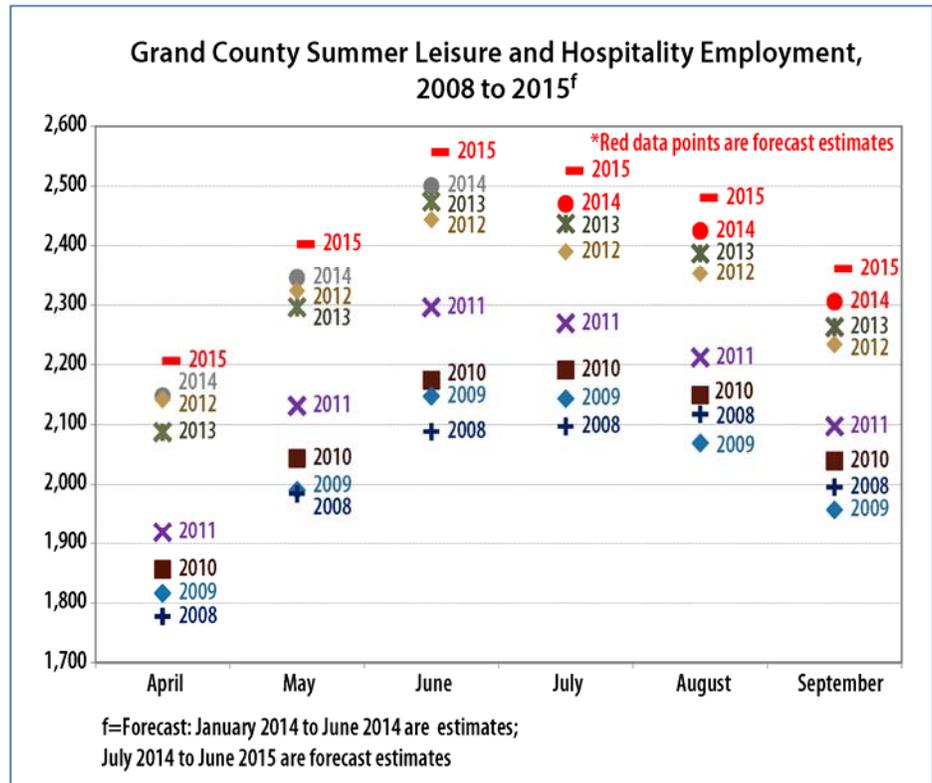
SOUTHEAST

Aggregate nonfarm employment in Southeast Utah grew slightly in 2013. Much of this net job gain appeared in construction, manufacturing, and health and social services. On the other hand, mining employment fell in both Grand and San Juan counties.

GRAND COUNTY

Total payroll employment for Grand County was an estimated 4,890 during 2013, a 1.3 percent increase over 2012. Responsible for over 90 percent of all nonfarm jobs in the county, the services-providing sector was up 1.6 percent year-over-year in 2013. Job losses adding up to approximately 30 service sector positions in professional and business services, health care and social services, government, and other services were more than offset by job gains in trade, transportation (35 jobs), and leisure and hospitality (48 jobs). Off-season leisure and hospitality was strong at 10 percent average job growth during the first quarter of 2013. Retail employment was also relatively strong early in the year. As the summer season began, employment growth in the tourism and recreation industries remained subdued but picked up by the third quarter of 2013. All told, the 2013 employment picture was yet another positive one for the books.

Grand County quarterly taxable sales further illustrated the ongoing growth in 2013. Taxable sales was up 9.1 percent during the first quarter, 5.7 percent during the second quarter, and resurging to 9.6 percent in the third quarter, and closed out the year at a 12 percent increase in the fourth quarter.

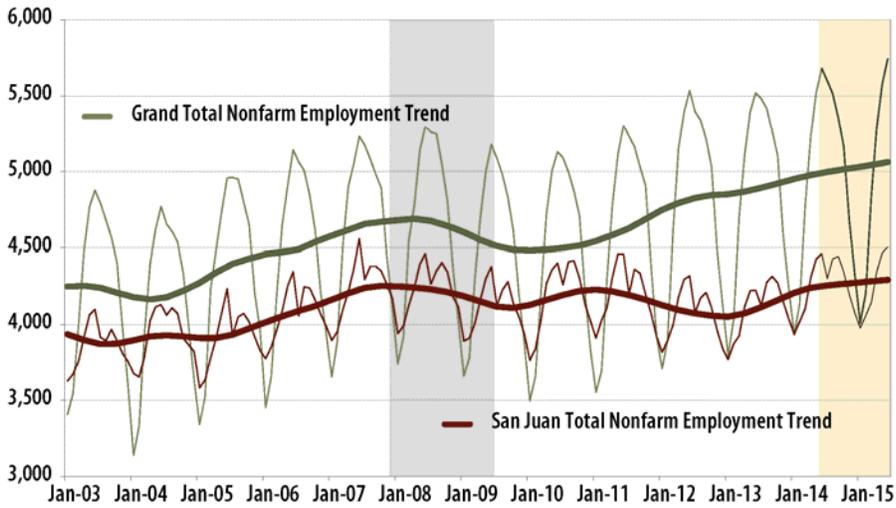


SAN JUAN COUNTY

The San Juan County labor market appeared to be warming up by the second half of 2013. In January 2013, total employment was estimated at 3,770, down 1.2 percent from January 2012. By December, the year-over employment change for the county had climbed to 5.1 percent.

Construction picked up late in the first quarter of 2013 and continued its growth in payroll employment as the year went on. By December, year-over employment averaged a 37-percent increase. This more than made up for slightly-dwindling employment in mining. Health care and social services also showed some higher-than-average growth throughout 2013, which hit 824 jobs in September and has remained in that range for the rest of the year.

**Total Nonfarm Payroll Employment,
Grand and San Juan, January 2003 to June 2015^f**



f=Forecast: January 2014 to June 2014 are estimates;
July 2014 to June 2015 are forecast estimates

Quarterly taxable sales were generally positive for 2013. First quarter taxable sales were 36 percent higher than the previous year's first quarter. Third-quarter taxable sales fell by 17 percent due to the occurrence that taxable sales in the third quarter of 2012 were uncharacteristically high. By fourth quarter, taxable sales grew by 17.5 percent.

VII. CENTRAL ECONOMIC SERVICE AREA: Millard, Sanpete, Sevier, Piute, and Wayne Counties

By Lecia Parks Langston, Economist

BRIEF OVERVIEW

In central Utah, government (which includes public and higher education), by far, accounts for, the greatest industry share of nonfarm employment. Area-wide, it provides almost 30 percent of total jobs. Agricultural employment (that portion covered by unemployment insurance laws) also shows higher-than-average concentrations throughout most of the region. Additionally, some counties show uncommon industrial employment concentrations. In Millard County, utilities' portion of jobs appears higher than average, while Sevier County shows significant concentrations of transportation and mining employment.

Central Utah has traveled a rocky road towards economic recovery. Consistent employment expansion has proved elusive for most counties. However, by the end of 2013, most economies appeared to be on the mend. Jobless rates have consistently declined for all counties except Wayne County. On the other hand, at least part of the region's decline in joblessness can be traced to the out-migration of working-age adults.

Both Sevier and Sanpete counties experienced early post-recession job growth; but by 2013, expansion appeared problematic. The employment base contracted in both these counties on an annual basis. However, at year end, the rate of job loss seemed to be ebbing.

Millard County's job totals have vacillated as large construction projects have begun and ended. Nevertheless, its best employment performance occurred in 2013. On the other hand, Piute County's nonfarm employment total remained unchanged between 2012 and 2013. One quarter's worth of expansion in Piute County surfaced as the lone exception to a steady stream of nonfarm job loss since the recession began. Wayne County took a major hit when its largest employer closed in 2011. While the county did see moderate employment growth in 2013, unemployment remains high.

Construction permitting chimed in with the labor market indicators to paint a less than robust economic picture. Both Wayne and Millard counties showed strong gains in permitted values during 2013. However, those gains resulted primarily from large, one-time projects rather than consistent and broad-based expansion. Some meager signs of life in the housing market popped up as evidenced by 2013 home-permit increases in Wayne and Sanpete counties. Other counties continue to look for light at the end of the long housing-bust tunnel.

Gains in gross taxable sales provided the most dependable improvement for the counties in central Utah. Only Piute County experienced a decline in sales during 2013. Wayne and Millard counties actually generated double-digit increases.

Overall, the counties of central Utah showed tepid population expansion in 2013. However, only Piute County lost population according to estimates from the U.S. Census Bureau. In most cases, natural increase (more births than deaths) proved the prime source of the area's population gain. Indeed, most central Utah counties experienced net out migration during the year.

MILLARD COUNTY

Millard County managed one of the better economic performances in central Utah during 2013. Stable job growth and a jobless rate that remains the envy of most other counties indicates the labor market is improving. In addition, construction permitting rose dramatically in concert with healthy gross taxable gains. Net out-migration appears as the one blotch on this otherwise encouraging picture.

Millard County managed to nurture nonfarm employment throughout 2013, tabulating a gain of roughly 2 percent during 2013. While not particularly robust, this 70-job increase certainly places the Millard County economy ahead of its neighbors. It also ascertains that the county can consistently create employment without a large construction project. Professional/business services, manufacturing and healthcare/social services generated the bulk of new positions.

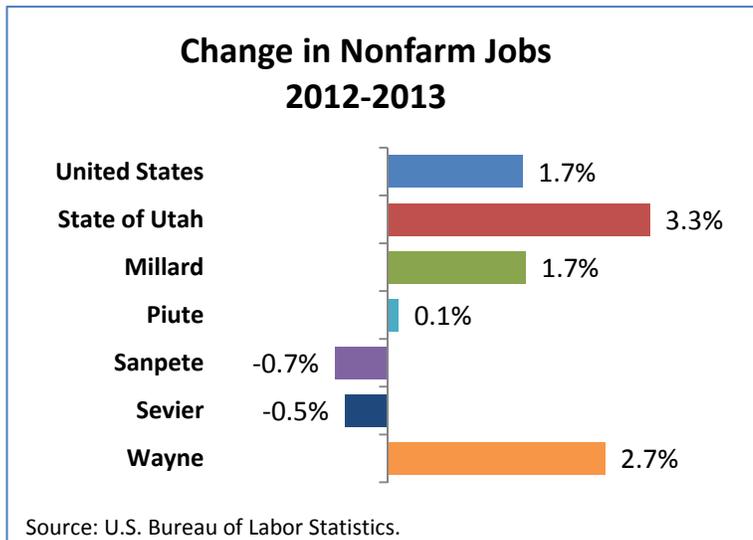
An improved job market helped push the county's jobless rate down 0.6 percentage points to 3.9 percent in 2013. Millard County can boast the lowest unemployment level in central Utah. Its rate also measured notably below the state

(4.4 percent) and national (6.7 percent) averages. This relatively low rate of unemployment certainly seems to indicate the county is approaching the elusive full-employment range.

According to U.S. Census Bureau estimates, Millard County's population measured almost 6,500 individuals in 2013. Showing a trend common to central Utah, Millard County's 2013 estimated population growth of 0.7 percent measured roughly half the statewide figure (1.6 percent). The county's population expanded only because births out-numbered deaths as the county experienced net out-migration. The relocation of working-age adults also may have contributed to the county's declining jobless rate.

In the construction permitting arena, Millard County displayed a strong 36-percent gain in approved values. Most of the increase can be attributed to a strong increase in new nonresidential building. Permitting of one new industrial building accounted for much of the 69-percent increase in this category. On the other hand, homeowners obviously chose to remodel rather than build new homes. Only 12 new home permits received approval in Millard County during 2013, a figure equal to the county's 2012 permits.

Millard County's gross taxable sales showed the most stable and robust rate of indicator growth during 2013. On an annual basis, the county generated a superior 13-percent gain. Wholesale trade contributed the largest increase followed by manufacturing and retail trade.

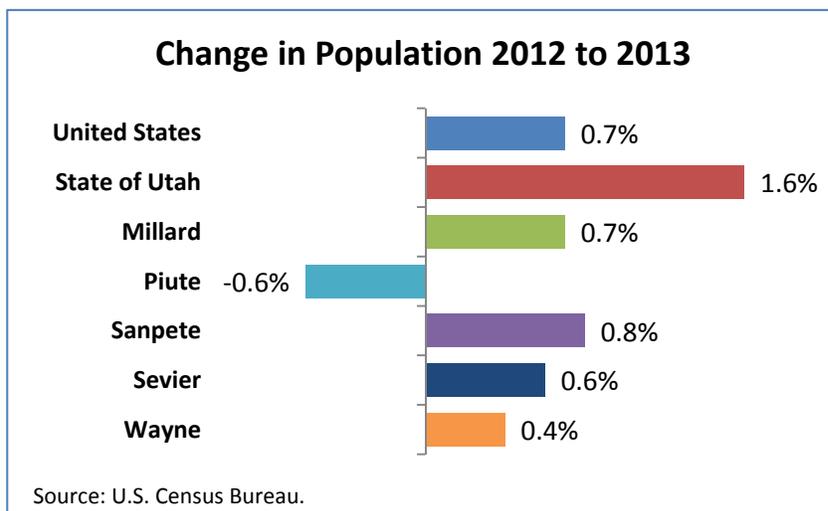


PIUTE COUNTY

Central Utah has struggled during the economic recovery. However, Piute County has yet to even join the recovery. During 2013, its nonfarm employment remained flat, population contracted and sales declined. Only a reduced unemployment rate showed any sign of economic reclamation. For several years prior to 2013, Piute County suffered

quarter after quarter of employment contraction. The current situation, while hardly ideal, does suggest that Piute County could see expansion in 2014.

Piute County's nonfarm employment remained essentially static during 2014. However, the annual figures disguise a one-quarter's worth of employment expansion. Why is this important? With the exception of this third-quarter gain, Piute's County's jobs have declined, year-over-year, for virtually every month since the recession began. In other words, although the county's labor force did grow in 2013, no expansion is better than the employment freefall of the past several years.



Not only did total nonfarm employment hold steady in 2013, very little change was evident among Piute County's major industries. Typically sectors lost a job here or gained a job there. Retail trade produced the largest gains by adding just five jobs.

Despite Piute County's rather disappointing employment record, joblessness continued to decline. In 2013, the county's unemployment rate registered 5.0 percent, down 0.8 percentage points from 2012. What happened? Many of Piute County's residents commute outside the county's borders for work and have found employment elsewhere. Some workers may have left the labor force altogether and continued out-migration suggests that some workers relocated. Even with its dismal nonfarm job picture, Piute County's 2013 jobless rate measures noticeably below the national average of 6.7 percent.

In the national post-recession era, U.S. Census Bureau estimates show contraction within Piute County's resident population base. Unusually, not only did Piute County experience net out-migration during the past several years, it showed negative natural "increase" (births less deaths) during two years. Apparently, Piute County's less than stellar job prospects have led workers to leave the area.

In 2013, Piute County registered as the only central Utah county with a contraction in gross taxable sales. Between 2012 and 2013, sales declined by roughly 1 percent. Retail trade took a major sales hit (with the exception of gasoline stations). On the other hand, sales in the business-investment industries (mining, utilities, construction and information) showed strong improvement which may lead to employment later on.

SANPETE COUNTY

Although Sanpete County arrived early at the economic-recovery party, it stumbled and fell in 2013. Jobs declined, construction permitting tumbled and sales barely increased. As in much of central Utah, the one positive indicator was a drop in joblessness. However, the annual figures fail to tell the whole story. At year-end, most indicators seemed to suggest less economic turmoil. Sanpete County does seem poised to show expansion in 2014.

Sanpete County lost roughly 50 jobs during 2013. This 0.7-percent decline hardly seems earth-shattering. However, job expansion is the best indicator of a local economy's health, and Sanpete County's employment base contracted after

showing healthy gains in 2012. There is good news in this employment report as losses began to ebb as the year came to a close.

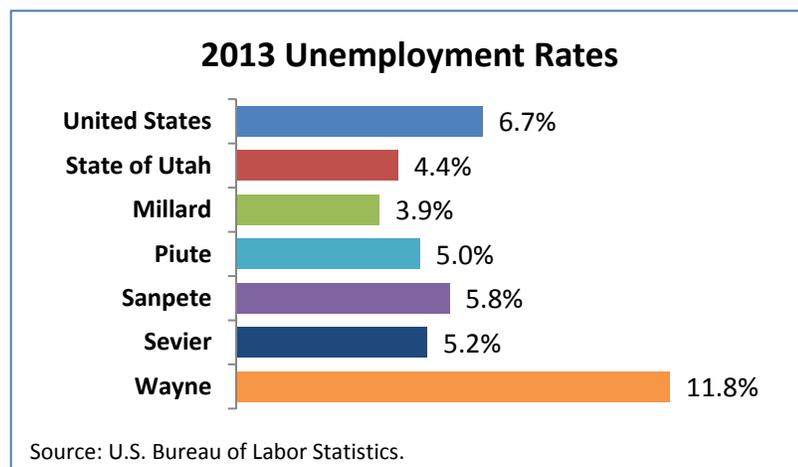
Several industries shared in the overall job loss. In particular, leisure/hospitality services, all levels of government and retail trade sustained the largest employment blows. In contrast, healthcare/social services, construction and manufacturing job gains counteracted some of the employment slack.

Although job growth was stymied in 2013, Sanpete County's jobless rate continued to slide down to 5.8 percent. Sanpete County's unemployment rate is nestled between a statewide average of 4.4 percent and the national figure (6.7 percent). Some seasonality in the labor force keeps Sanpete County's unemployment higher than in neighboring counties.

Since 2012, joblessness in Sanpete County has dropped by more than a full percentage point. Unemployment rates can decline for numerous reasons apart from employment expansion. Certain individuals may have found employment outside the county, have left the labor market completely or may have moved elsewhere.

Sanpete County did see notable net out-migration between 2010 and 2012. However, estimates from the U.S. Census Bureau indicate that net out-migration ceased in 2013. In fact, Sanpete County showed the fastest rate of 2013 population growth in central Utah at 0.8 percent as its population totaled more than 28,200. On the other hand, the

state's population growth rate doubled Sanpete County's rate of expansion.



Construction permitting in Sanpete followed employment's lead during 2013 with a 30-percent decrease in total permit values. The homebuilding market did show improvement with a 15-percent gain in permitted new dwelling units. However, at the heart of the overall decline was a 74-percent drop in new nonresidential permit values.

Gross taxable sales did land on the positive side of the annual ledger but just barely.

Between 2012 and 2013, Sanpete County's gross taxable sales increased by less than 1 percent. A decline in business investment expenditures in manufacturing proved the reason for the county's lackluster total sales performance. On the other hand, retail trade sales shot up dramatically.

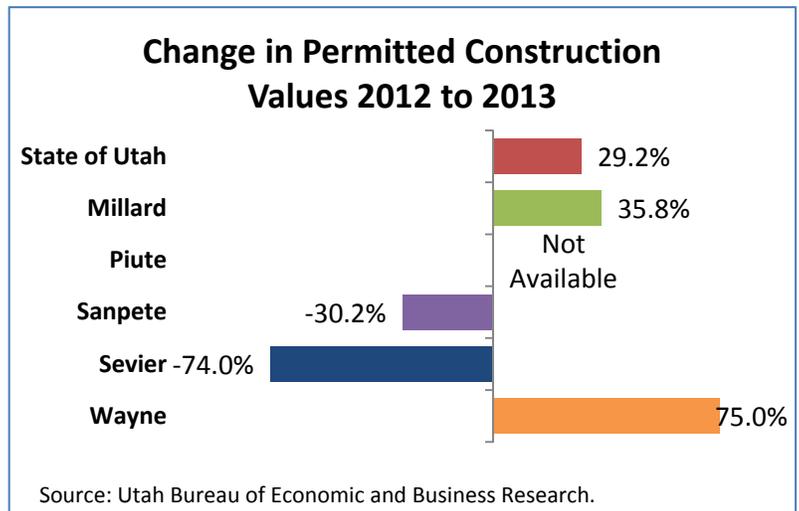
SEVIER COUNTY

After generating moderate employment growth in 2012, Sevier County's economy lost momentum and headed south in 2013. This most important economic indicator suggests that Sevier County languished during 2013. Private building has yet to rebound fully, another sign that the economy was less than healthy. Countering the negative indicators, net out-migration appears to have ceased in 2013, unemployment is down and sales are up. In addition, most indicators did appear to show improvement at yearend portending a better economic situation in 2014.

In 2013, Sevier County's nonfarm employment base contracted by about 40 jobs. Of course, even that small job loss (0.5 percent) hardly signals a thriving economy. However, some good employment news does emerge out of 2013. Although Sevier County lost jobs overall during 2013, at yearend, employment showed signs of expansion.

Losses in mining, professional/business services, and leisure/hospitality services put the primary drag on employment totals. However, significant gains in construction and healthcare/social services offset some of the aforementioned losses.

Job loss aside, Sevier County joined most other counties in Utah to engender an ever lower unemployment rate. In 2013, the county's jobless rate registered 5.2 percent, down from 6.0 percent in 2012. Unemployment rates may decline for several reasons, all of which likely came into play. Unemployed workers can find employment inside or outside the county, leave the labor force or move out the area.



According to population estimates from the U.S. Census Bureau, Sevier County did experience net out-migration between 2009 and 2012. Nevertheless, the county continued to grow as births outnumbered deaths. As of 2013, the Sevier County's population estimate stood at almost 20,900, up 0.6 percent from 2012. Utah's population grew at a much faster rate (1.6 percent). However, most of central Utah, along with other rural areas, expanded at a much slower speed.

Construction permitting continued to languish in Sevier County during 2013. This statement may seem at odds with the 2013 increase in construction employment. However, keep in mind that most public projects (including road/school construction) are not permitted. Just in comparison to 2012, total permit values dropped a whopping 74 percent partly due to an abnormally strong nonresidential permitting in 2012. However, housing permits continued to drop for the seventh straight year.

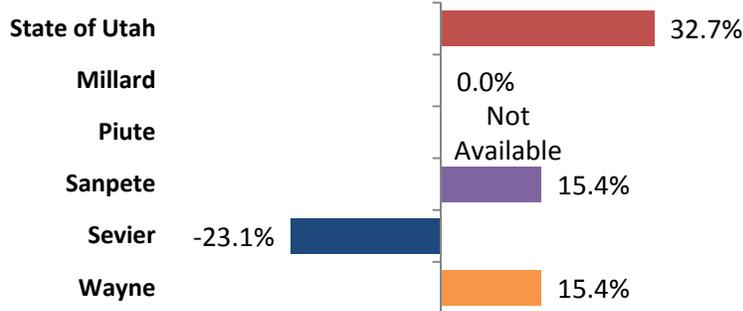
Gross taxable sales picked up substantially in 2013 marking the third year of sales gains. Between 2012 and 2013, sales increased by a robust 7.4 percent. Business-investment expenditures in utilities and manufacturing provided the largest boost. However, retail sales also increased substantially.

WAYNE COUNTY

Wayne's labor market is finally starting to dig out of the hole left by the closure of its largest employer in 2011. However, its nonfarm employment totals still remain below the county's 2010 average and its unemployment rate ranks as the highest in Utah. However, economic indicators suggest that the economy is beginning to heal itself. Employment actually increased in 2013, construction permitting is on the upswing and gross taxable sales are strong. These factors should dovetail to produce a stronger economy in 2014.

In 2013, Wayne County found itself with the strongest employment expansion in central Utah. While the county's 2.7 percent growth rate measured below the statewide average of 3.3 percent, it represents moderate expansion. However, in many ways, this improvement in the labor market can be traced to just one industry. Leisure/hospitality services provided the bulk of net new jobs with a little assistance from healthcare/social services and wholesale trade. Some of the remaining industries did lose positions, but overall the declines proved minimal.

Change in Permitted Dwelling Units 2012 to 2013



Source: Utah Bureau of Economic and Business Research.

Despite this moderate employment expansion, Wayne County's unemployment defied the statewide declining trend. The area's jobless rate estimate actually increased slightly from 11.5 percent in 2012 to 11.8 percent. In concert with employment growth, unemployment levels did decrease during the last half of the year. Wayne's labor market is finally starting to dig out of the hole left by the closure of its largest employer in 2011. However, its nonfarm employment totals still remain below the county's 2010 average and its unemployment rate ranks as the highest in Utah. However, economic indicators

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More importantly, Wayne County experienced the highest unemployment rate in the state during 2013. Wayne County's jobless percentage measured more than triple the state figure. Joblessness continues to plague the area in part due to the lingering effects of Alpine Health's previous closure. Seasonality in the county's tourist-related employment base also contributed to the higher-than-average rate. Unusually, despite notable net out-migration between 2009 and 2012, joblessness remains high.

Population estimates from the U.S. Census Bureau indicate that Wayne County's population edged up by 0.4 percent to just over 2,700 individuals. That represents a far slower growth rate than the statewide average of 1.6 percent. In addition, except for Piute County's contracting population, Wayne County showed the slowest expansion in the slow-growing central Utah region. In 2013, the county's expansion was driven primarily by natural increase (more births than deaths).

Wayne County did show the best construction permitting improvement in central Utah. Home-permit approvals rose by 15 percent between 2012 and 2013, while new nonresidential permit values increased by 58 percent. Overall, permit values jumped by 75 percent during the year marking the best Wayne County performance of the decade.

In 2013, Wayne County also produced the strongest gross taxable sales growth rate (14 percent) in central Utah. Gains in wholesale and retail trade sales dominated the expansion with contributions from leisure/hospitality services and the business-investment categories of utilities, construction and manufacturing.

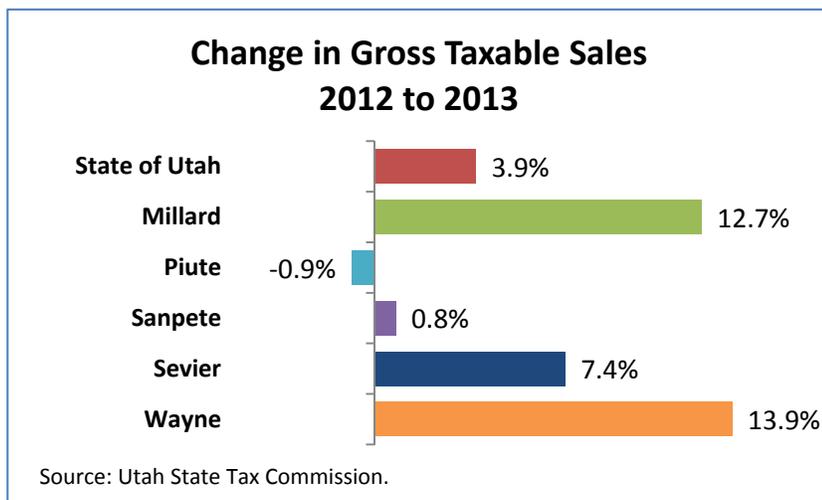
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VIII. SOUTHWEST ECONOMIC SERVICE AREA: Beaver, Iron, Garfield, Washington, and Kane Counties

By Lecia Parks Langston, Economist

BRIEF OVERVIEW

In the Southwest Economic Service Area, government (which includes public and higher education) accounts, by far, for the most employment of any industrial sector. Only in metropolitan Washington County does government fade to a lesser role. In Kane, Garfield and Washington counties, leisure/hospitality services also show a higher-than-average presence in the labor market. In addition, a rebounding housing market has meant construction has resumed its notable role in Washington County's employment base. Unusually, Beaver County's economy sports a very high proportion of employment in covered agriculture, while Iron County shows a strong manufacturing presence.

The counties in southwest Utah have produced a variety of economic performances in the post-recession era. However, all counties exhibited expanding employment towards the end of 2013. All counties also continue to show steadily declining jobless rates. Nevertheless, except in Washington County, out-migration appears responsible for at least part of the decrease in unemployment. In addition, the seasonal nature of Garfield County's tourism-driven economy keeps its unemployment rate significantly higher than most Utah counties.

After a lengthy downturn, Washington County displayed the strongest and most consistent growth with two full years of 5-percent employment expansion under its belt. Hit by the double whammy of the collapsing housing bubble and manufacturing contraction, Iron County struggled to generate significant employment gains post-recession. However, by the close of 2013, Iron County seemed to be creating jobs at a modest, but steady rate. In recent years, Beaver County has been subject to employment fluctuations related to large construction projects. Yet, its current healthy job expansion can be traced to several nonconstruction industries. Kane County's languid, but relatively steady employment expansion has resulted in an improved labor market situation. In southwest Utah, only Garfield County lost jobs on an annual basis, but it showed signs of rebounding by the end of the year. Announced business expansions, particularly in Washington and Iron counties, should mean the region's labor market will continue to enlarge in 2014.

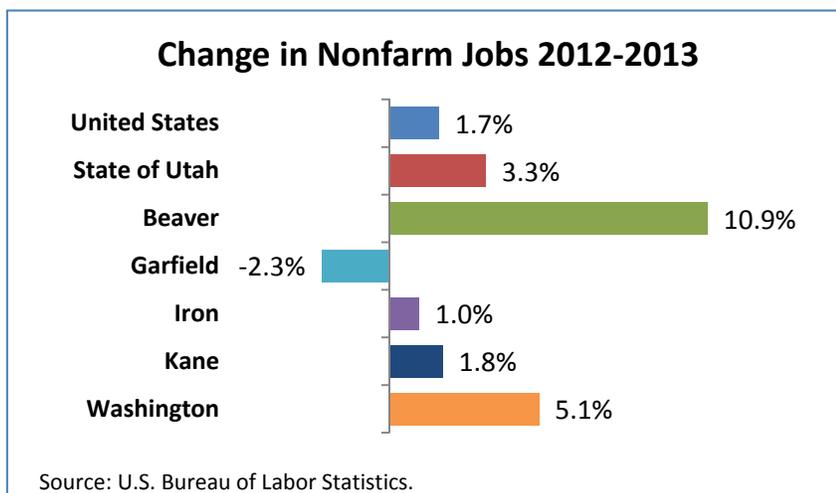
Homebuilding in southwest Utah resurged in 2013. All counties except Garfield generated robust increases in home permit approvals. Again, with the exception of Garfield County, southwest Utah showed strong gains in new nonresidential permitting as well.

Falling in line with other economic indicators, 2013 gross taxable sales showed moderate to strong improvement in Beaver, Iron, Kane and Washington counties. Yes, Garfield was the lone county to experience a decrease in sales during the year.

BEAVER COUNTY

In the post-recession years, Beaver County's economic indicators have fallen prey to the winds of several large construction projects. For example, building the power-generating windmills brought a substantial number of construction jobs to small Beaver County, which then evaporated. While current employment gains can, once again, be traced back partially to construction, the current expansion is not only vigorous, it is more broad-based than in previous years. Other economic indicators fell right in line to denote a healthy economy. Unemployment is down, construction is reviving and home sales are up. Only a shrinking population base put a blot on this otherwise sunny economic picture.

In 2013, Beaver County added almost 230 net new jobs for an annual growth rate of 11 percent. Not surprisingly, this robust expansion placed Beaver County at the top of the Utah job-growth rankings. While a prominent chunk of this employment is construction related, mining (reopening of the copper mine), leisure/hospitality services, local government, manufacturing and utilities all added significant numbers of new positions to the labor market. A few industries did contract, but only slightly.



Reflecting job growth, joblessness dropped dramatically. Beaver County's unemployment rate measured 4.1 percent in 2013, down from 5.4 percent in the previous year. This unusually low rate of unemployment for a rural area may also trace its roots to the significant net out-migration the county has experienced in the years following the recession.

The 2013 U.S. Census Bureau estimates place Beaver County's population at just under 6,500 individuals. Net out-

migration more than offset the natural increase (births less deaths) in the economy for the last three years for a slight contraction (0.3 percent) in the county's population base by 2013. Statewide, the population increased 1.6 percent during the year.

Also following the trend set in the labor market, Beaver County's construction permitting managed a banner year. Between 2012 and 2013, total permit values increased by 74 percent. The residential market generated a gain in home permits for the first time since before the recession began. On the other hand, new nonresidential permitting displayed the largest gains in value.

Not to be left out, Beaver County's gross taxable sales increased by a whopping 31 percent in 2013. Most of this gain represented business-investment dollars in manufacturing. However, retail sales and construction exhibited notable increases as well.

GARFIELD COUNTY

Although Garfield County started adding employment soon after the end of the recession, its performance quickly deteriorated. Job losses rather than job gains have proved the norm since mid-2011. In southwest Utah, only Garfield

County shed employment between 2012 and 2013. In addition, construction permitting slowed to a virtual standstill, out-migration continued and unemployment declined marginally. Only time will reveal whether or not the county can regain a stronger economic footing in 2014.

In 2013, Garfield County lost 54 nonfarm positions. The county’s largest industry, leisure/hospitality services bears the essential responsibility for this 2.3-percent decline, although the federal government also dropped jobs. On the positive side, healthcare/social services expansion counteracted at least part of the employment contraction elsewhere.

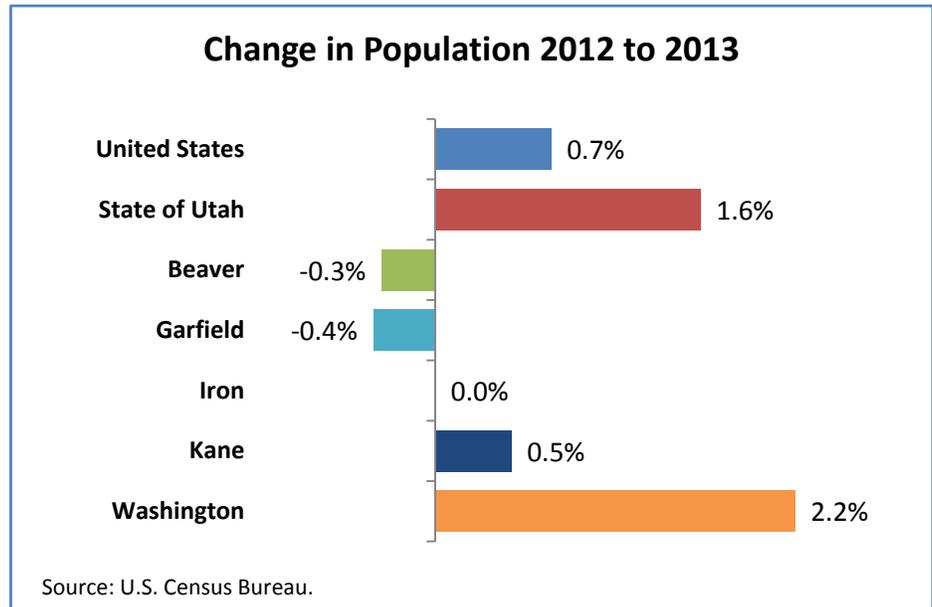
Despite the reduction in the county’s employment, joblessness edged down slightly from 9.8 percent in 2012 to 9.4 percent in 2013. Because of the highly seasonal nature of Garfield County’s tourism-driven economy, it typically maintains a much higher-than-average unemployment rate. A quick comparison to the statewide 4.4 percent confirms Garfield County’s rate continued in that manner during 2013.

An area’s unemployment can decline for numerous reasons. Workers can leave the labor force, find employment or move away. Garfield County has experienced significant net out-migration during the past several years which undoubtedly contributed to the lower 2013 jobless rate, suggesting individuals sought work elsewhere.

The U.S. Census Bureau estimates that Garfield County’s population measured roughly 5,100 individuals in 2013. Since the 2010 Census, the county appears to have lost roughly 100 residents despite population additions due to natural increase (births less deaths). Garfield County was one of only five Utah counties to experience a shrinking population during 2013.

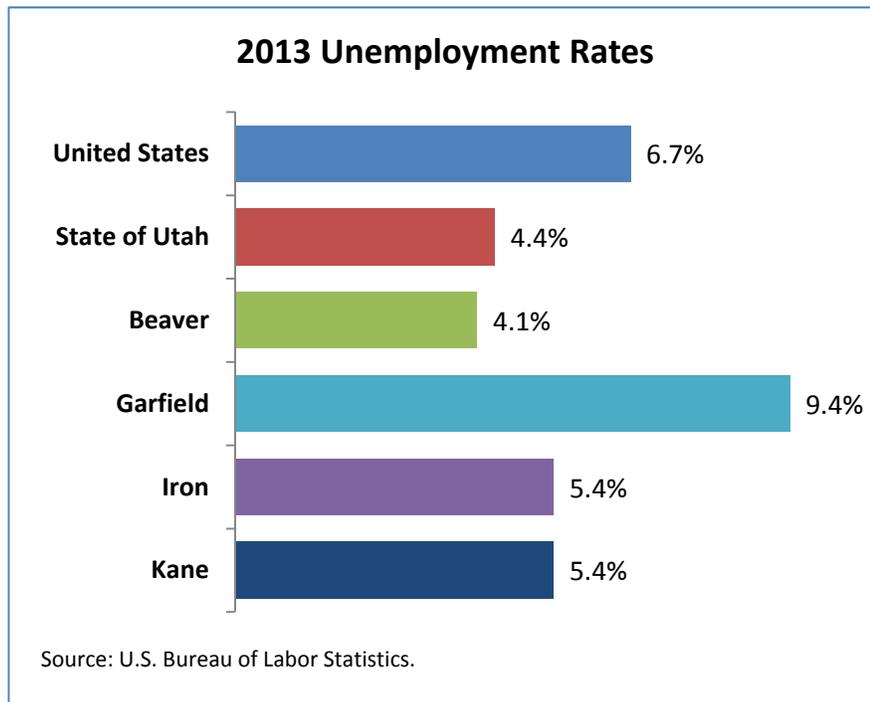
Private-sector construction permitting followed employment’s rather disappointing lead. Compared to 2012, approved permits displayed a 95-percent decrease in values during 2013. According to the data, only one Garfield County home permit was approved. Six years have passed since the county showed an increase in home permitting. New nonresidential permitting also plummeted by a decided 91 percent.

On the surface, Garfield County’s 9-percent decline in gross taxable sales just seems the final straw in the proverbial camel’s basket of poor economic indicators. However, in this case the 2013 decline resulted from a prior-period adjustment rather than current economic performance. In fact, wholesale trade, retail trade and accommodations all produced substantial sales gains.



IRON COUNTY

While Iron County staunchly resisted the recessionary job-loss flow earlier than most areas, it has struggled to find the path to full-fledged employment expansion. During 2011 and 2012, job growth rates vacillated slightly above and just below the no-growth line. However, in 2013, the county seems to have begun breaking free from the no-growth scenario. In addition, forthcoming jobs in manufacturing (such as Syberjet) should buoy employment levels in the years to come. Other economic indicators certainly point to a better economy in 2014; joblessness is down, construction permitting skyrocketed and gross taxable sales exhibited healthy increases.



Between 2012 and 2013, Iron County's nonfarm employment increased by 1 percent and roughly 150 jobs. Moreover, covered agricultural employment (not typically included in the totals) grew by an additional 40 positions. Reflecting a revival in new building, construction took honors for the most net new jobs, followed closely by the healthcare/social services industry and leisure/hospitality services. Notable losses occurred in manufacturing, professional/business services and the public sector. The remaining major industries either contracted or showed minimal gains. In other words, although the county's economy is growing, progress has yet to spread to a majority of industrial sectors.

A slightly improved employment picture undoubtedly contributed to Iron County's persistently declining unemployment rate. In 2013, the area's jobless rate dropped to 5.4 percent from 6.8 percent in the previous year. However, the recent decline in joblessness probably owes more to workers leaving the area than to surging employment.

Population estimates from the U.S. Census Bureau suggest that Iron County has experienced persistent net out-migration since the end of the business downturn. Nevertheless, due to natural increase (more births than deaths), the county has experienced limited population growth. During 2013, the county's population stood at 46,800, a negligible change from the year before.

Construction permitting proved the star of Iron County's roundup of economic indicators. In 2013, new home permits increased by 127 percent, the first gain in more than seven years. New nonresidential permitting also exploded with a 160-percent uptick. This recovery in the building industry seems the most positive omen of better economic times ahead.

While construction permitting may be the current "rabbit" in the economic race, the gross taxable sales "tortoise" wins the race for steady expansion. Iron County's sales have shown strong gains for the past several years. The past year evidenced no exception. Gross taxable sales increased by 8 percent between 2012 and 2013. Business investment expenditures in manufacturing added to robust increases in retail and leisure/hospitality services.

KANE COUNTY

After filtering out the growth-rate fluctuations to which small counties are prone, Kane County shows moderate and improving employment gains. True, the county's gains pale somewhat in comparison to its flashy neighbor to the west. However, Kane County's labor market remains far more robust than those of many other rural Utah counties. In addition, joblessness dropped in 2013 and sales increased. But perhaps the best news in this improving economy is the revival of construction permitting in 2013. While Kane County shouldn't expect a red-hot economy in 2014, it should be able to count on the economy to improve.

Between 2012 and 2013, Kane County's nonfarm jobs increased by roughly 60 positions and almost 2 percent. The county's bread-and-butter industry, leisure/hospitality services, produced the strongest employment gains followed by healthcare/social services. Most service-producing industries managed to expand. Even though the county showed minimal industry-by-industry gains, the small increases added up to a significant increase. On the other hand, all three goods-producing industries—mining, construction and manufacturing—contracted.

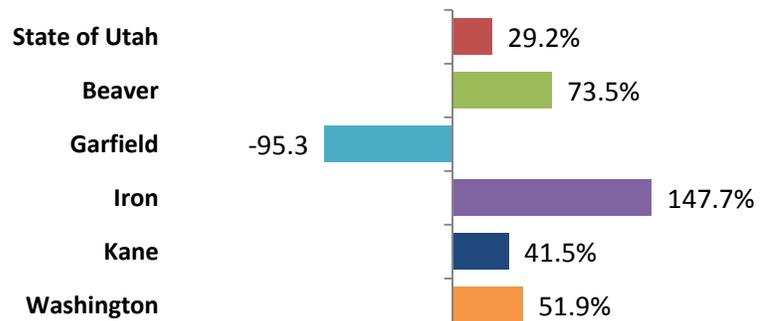
Kane County resembled most Utah counties, producing a relatively steady decline in joblessness. The county's unemployment rate dropped from 6.8 percent in 2012 to 5.4 percent in 2013. That rate nestled right between the state average of 4.4 percent and the national rate of 6.7 percent. Net job growth appears the major force behind this decrease in the level of Kane County joblessness. While net out-migration caused the decline in many counties' jobless rates, Kane County has experienced primarily net in-migration over the past several years.

Population estimates from the U.S. Census Bureau place Kane County's population at almost 7,300 in 2013. These estimates did show some net out-migration in 2012. However, during most of the post-recession years, more residents have moved to Kane County than away. Yet, in 2013, the county's population increased by a meager 0.5 percent.

Construction permitting added to Kane County's improving economic condition. Newly approved home permits picked up by 33 percent between 2012 and 2013. New nonresidential permit values more than doubled. Overall, 2013 marks the best year for construction permitting since before the recession.

Between 2012 and 2013, gross taxable sales generated a moderate 3-percent increase in Kane County. Leisure/hospitality sales produced the largest chunk of the increase. In addition, retail sales contributed notable sales gains.

Change in Permitted Construction Values 2012 to 2013



Source: Utah Bureau of Economic and Business Research.

WASHINGTON COUNTY

With its robust expansion in every available economic indicator, Washington County seems to be living a fairytale existence in the “goldilocks” zone. Growth is not too hot, not too cold, but just right. Of course, Washington County did experience a long and deep recession, returning to growth later than most metro areas in Utah. However, it regained its economic stride once more and should continue to grow through 2014.

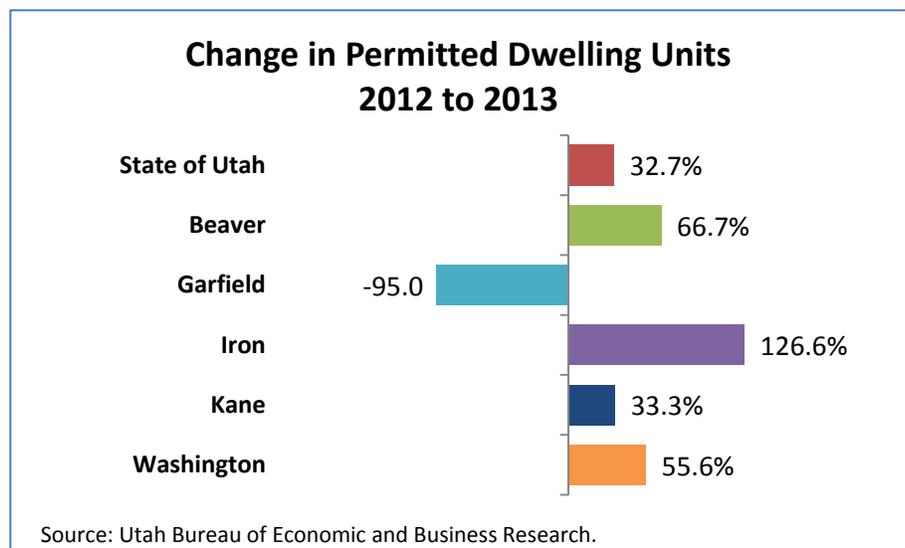
In 2013, Washington County added more than 2,500 net new jobs for a healthy 5.1-percent rate of expansion. While growth in the 5-percent range might signify an overheated economy for most areas, it falls right in line with the county’s long-term average. Moreover, Washington County has maintained growth in the 5-to-6 percent range for more than two straight years, indicative of the proverbial “soft landing.” Moreover, current expansions and relocations of manufacturing firms should continue to sustain the county’s performance through 2014.

Most major industrial sectors shared in the county’s job gains. Construction, leisure/hospitality services and healthcare/social assistance generated the largest number of new positions. Ferreting out job losses among the various industries seemed an almost vain endeavor. The largest sector loss occurred in the information industry where employment dropped a mere 14 positions.

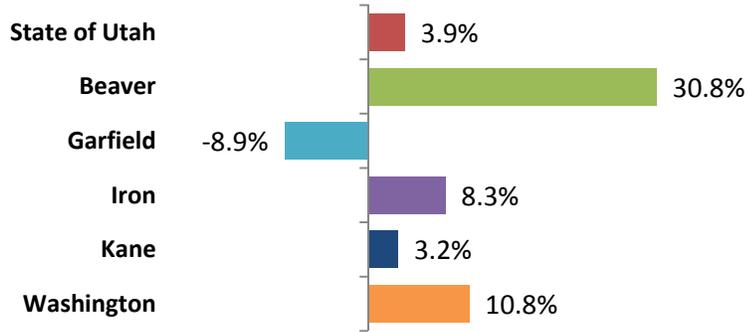
Not surprisingly, joblessness has continued to fade. In 2013, Washington County’s unemployment rate measured 5.1 percent, down from 6.6 percent in 2012. Although the county’s rate measured higher than the statewide average in 2013, the labor market does appear to be tightening more than the unemployment rate estimate might suggest.

Washington County exhibited the strongest population growth in southwest Utah. Between 2012 and 2013, U.S. Census Bureau population estimates show the county growing by 2.2 percent, notably faster than the state average with its 1.6 percent increase. The reason Washington County’s growth deviates from that of most Utah counties in the population-estimates arena appears that the largest share of the county’s population growth can be attributed to net in-migration rather than natural increase (births less deaths).

Construction permitting has certainly made a turnaround. In comparison to 2012, home permits in 2013 rose by 56 percent and new nonresidential permit values increased by 47 percent. In fact, 2013 proved the best permitting year since before the recession. Nevertheless, the number of home permits issued in 2013 measures less than half the number approved in over-heated 2005.



Change in Gross Taxable Sales 2012 to 2013

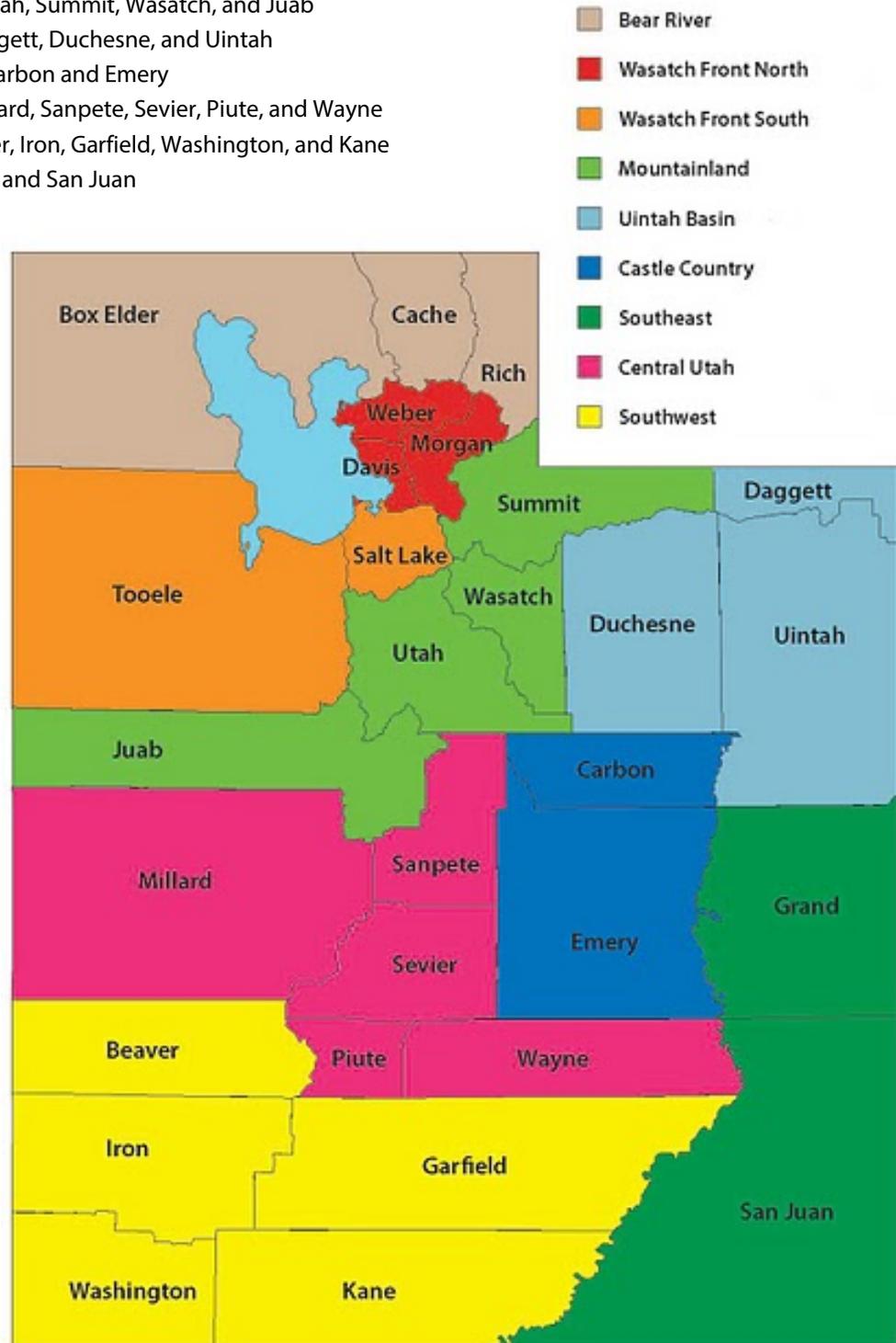


Source: Utah State Tax Commission.

Sales expansion has moved in tandem with employment growth during the last two years. In 2013, gross taxable sales outpaced 2012 sales by a vigorous 11 percent. Gains in trade contributed the largest dollar increases. Sales proved particularly strong in the building materials and motor vehicle and parts sectors.

ECONOMIC SERVICE AREA MAP

- Bear River – Box Elder, Cache, and Rich
- Wasatch Front North – Weber, Davis, and Morgan
- Wasatch Front South – Salt Lake and Tooele
- Mountainland – Utah, Summit, Wasatch, and Juab
- Uintah Basin - Daggett, Duchesne, and Uintah
- Castle Country – Carbon and Emery
- Central Utah – Millard, Sanpete, Sevier, Piute, and Wayne
- Southwest – Beaver, Iron, Garfield, Washington, and Kane
- Southeast – Grand and San Juan



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