

That was Then ● THIS IS NOW

Washington County Economic Summit 2018

Lecia Parks Langston
Senior Economist



THEN AND NOW

The Wonder Years

Washington County experienced tremendous expansion over the past 60 years.

**Just how much has
Washington County changed?**



POPULATION

**Population gains
spur economic growth | DRIVER.**

In-migration is a major factor in Washington County's
rapid expansion.

THEN

In 1960. . .

Population = 10,400

1960

2017

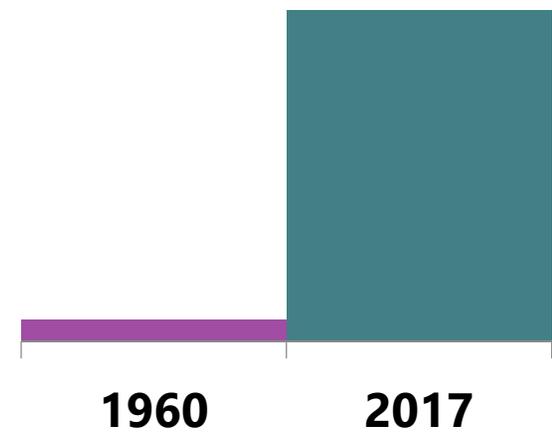




NOW

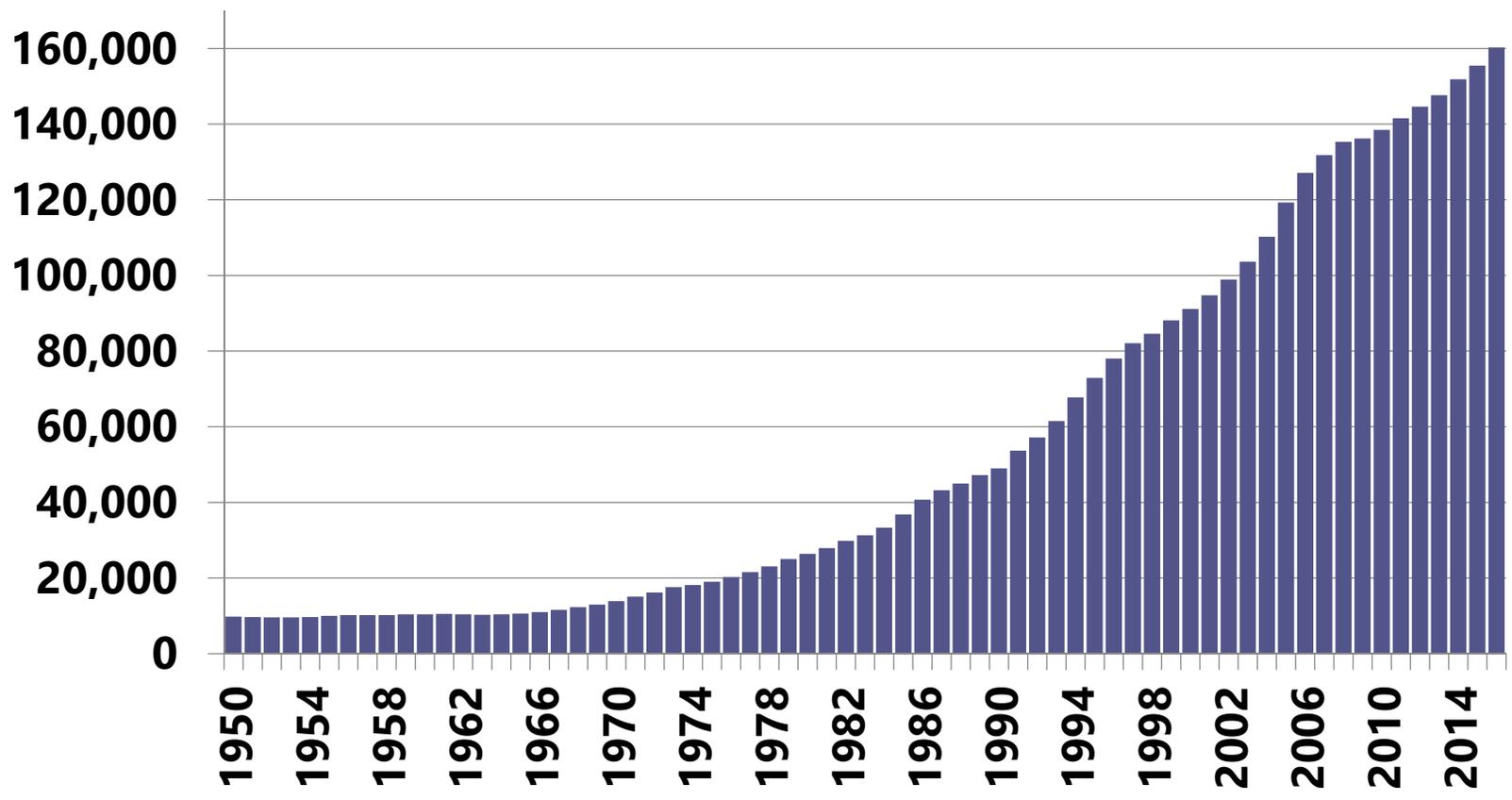
In 2017. . .

Population = *165,600*



Population

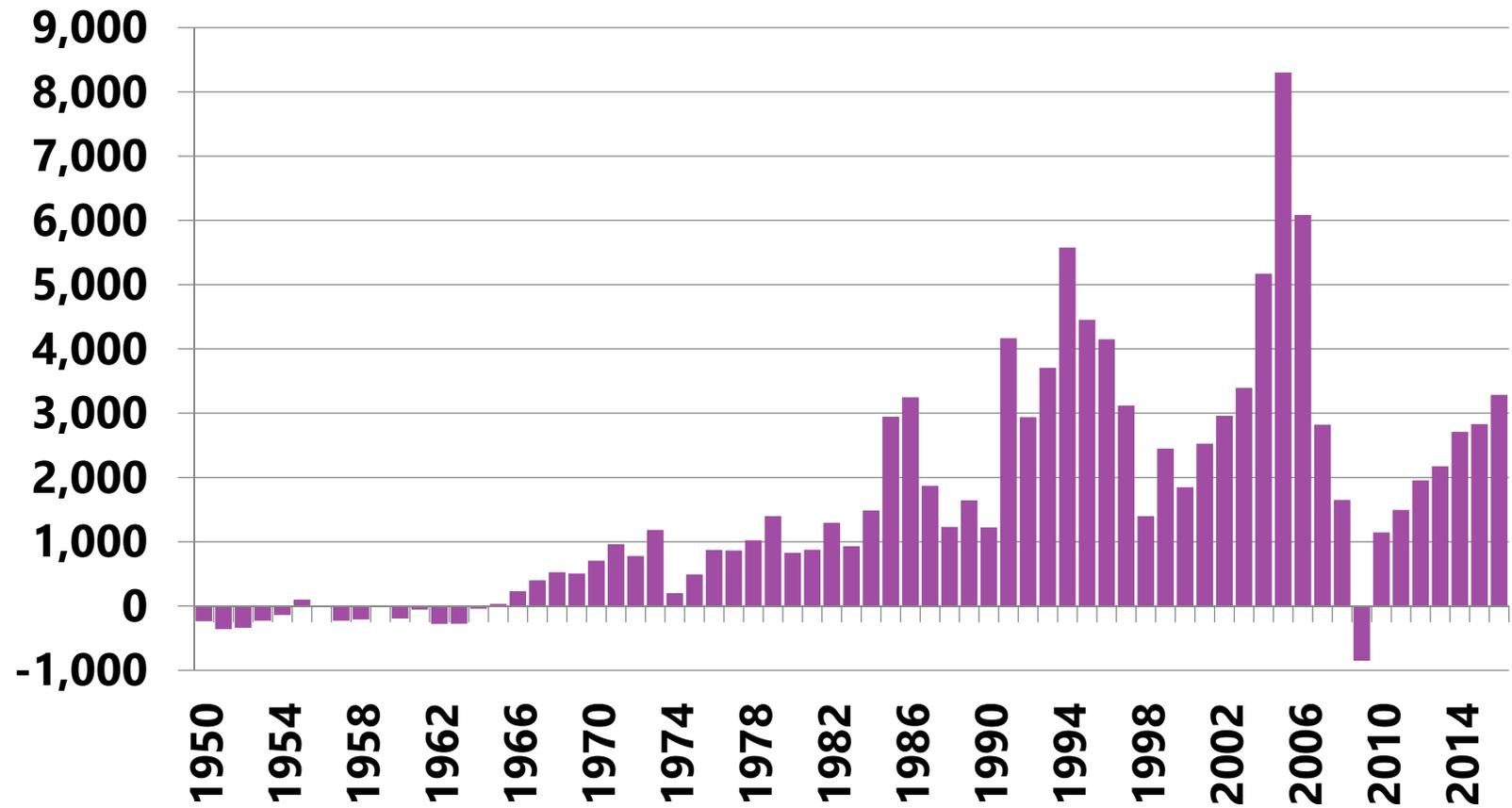
Washington County Population



Source: U.S. Census Bureau; Kem C Gardner Policy Institute.

Net Migration

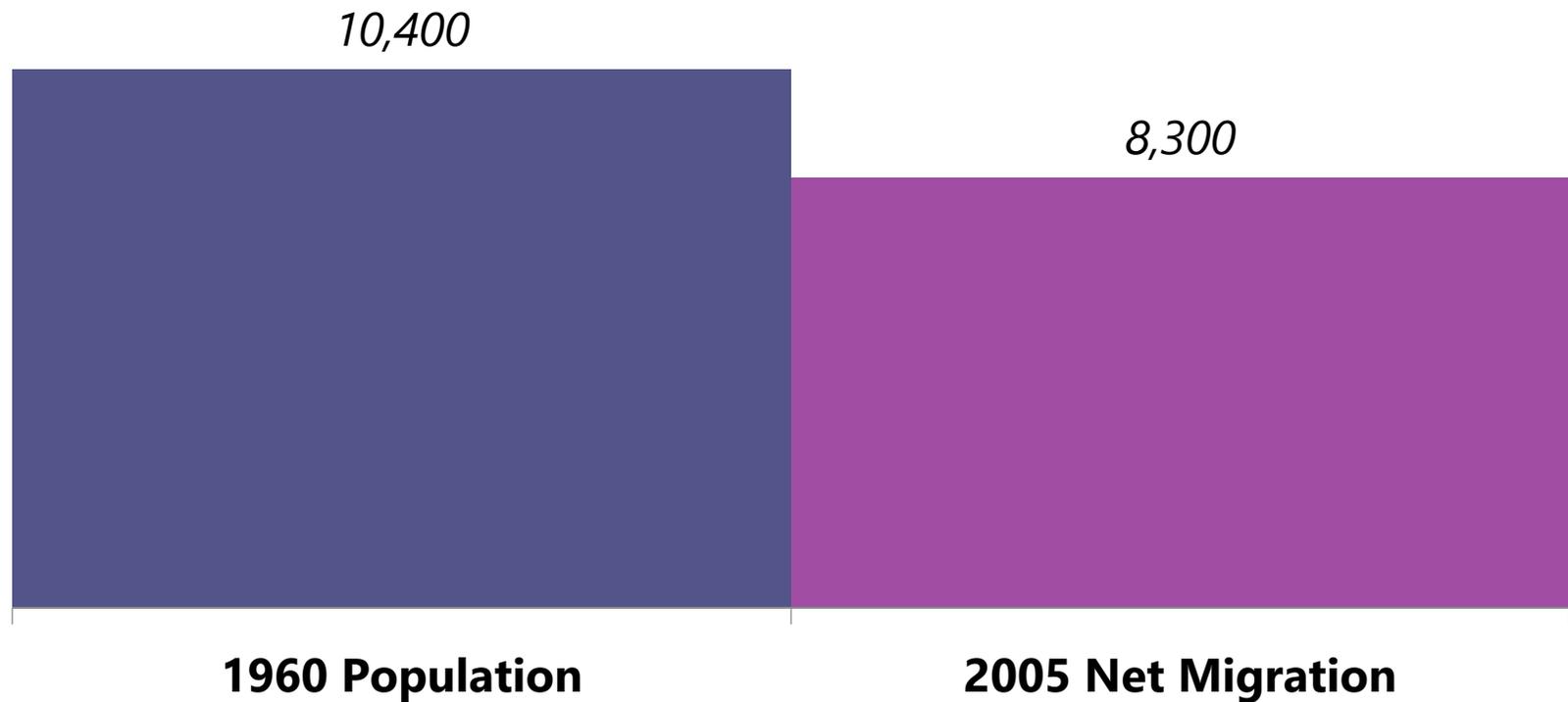
Washington County Net Migration



Source: U.S. Census Bureau; Kem C Gardner Policy Institute.

Contrast

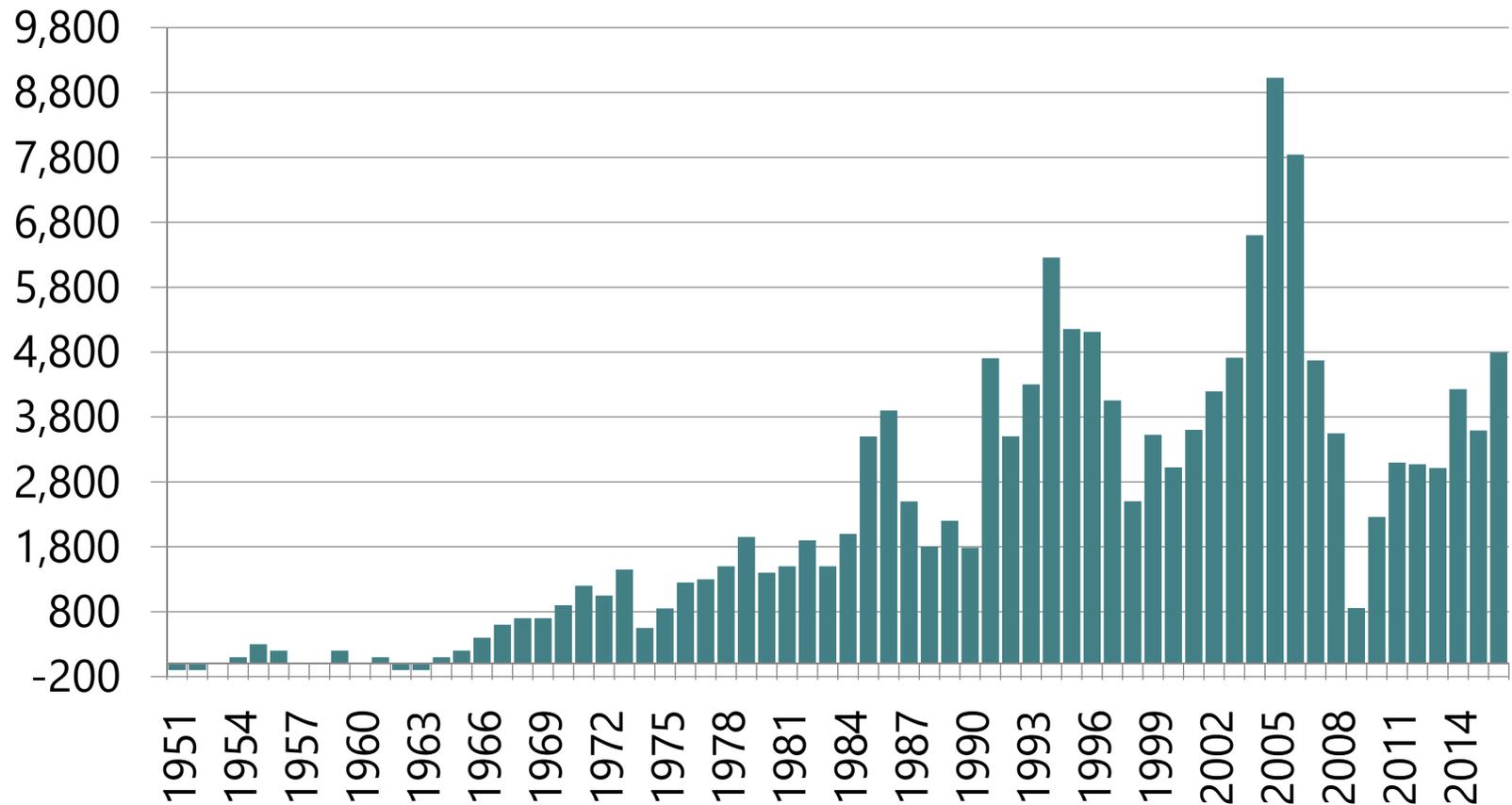
Washington County



Source: U.S. Census Bureau; Kem C Gardner Policy Institute.

Change

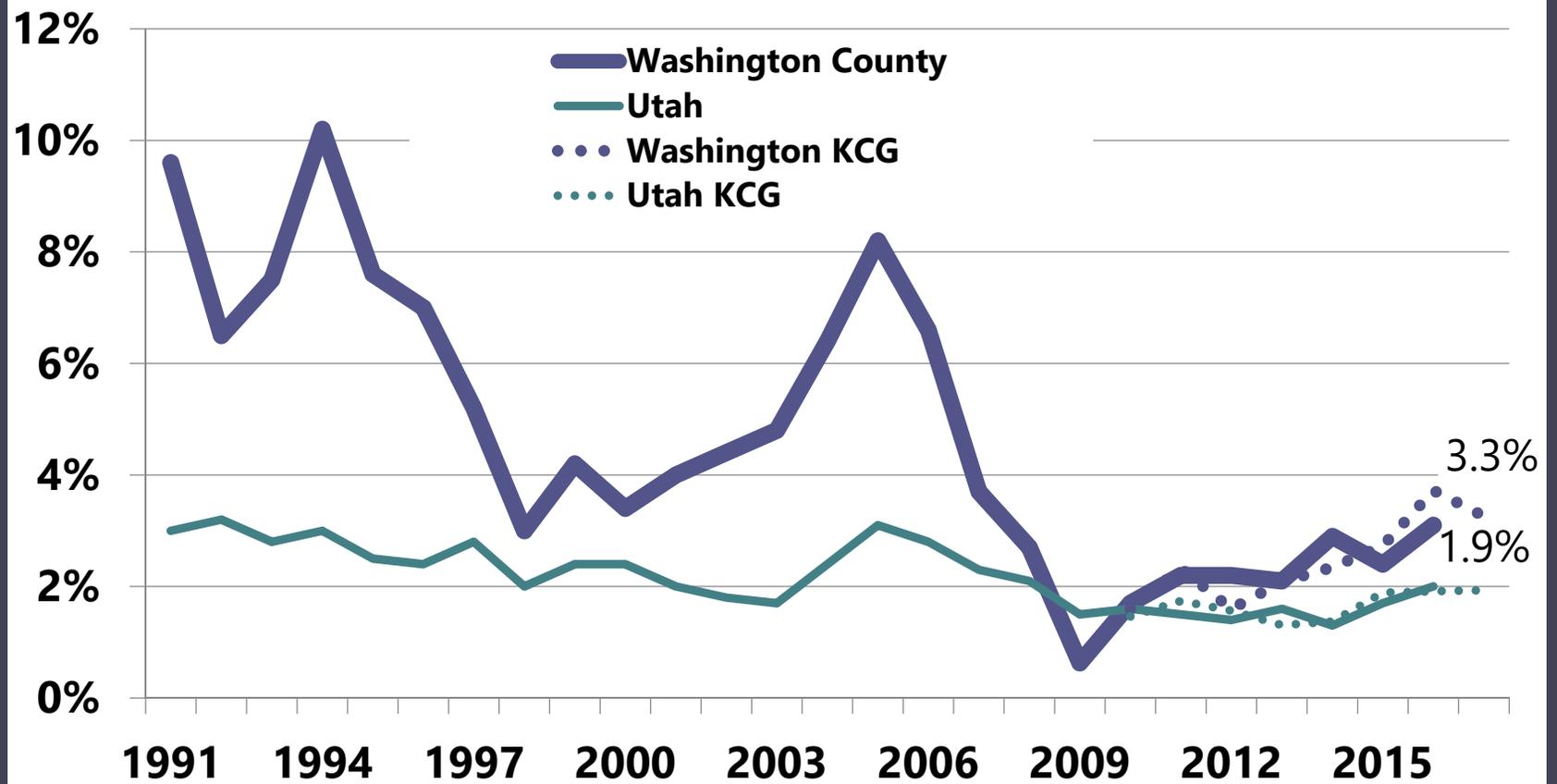
Washington County Population Change



Source: U.S. Census Bureau; Kem C Gardner Policy Institute.

Recent

Annual Population Change



Source: U.S. Census Bureau; Kem C Gardner Policy Institute.

JOBS

**The year-to-year change
in nonfarm jobs is the best
economic indicator| SLOWING.**

Nonfarm job growth rate is trending downward:
Washington County, Utah, United States

THEN

In 1960. . .

Nonfarm Jobs = 1,800

1960

2017

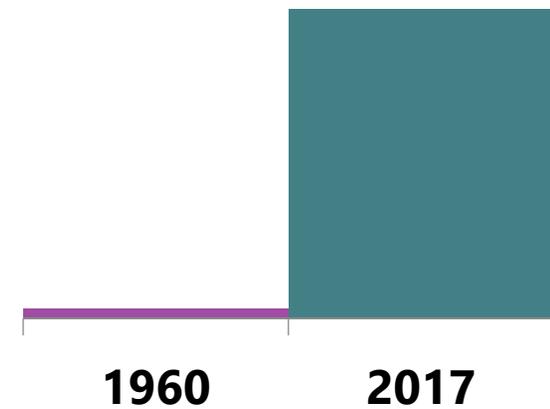




NOW

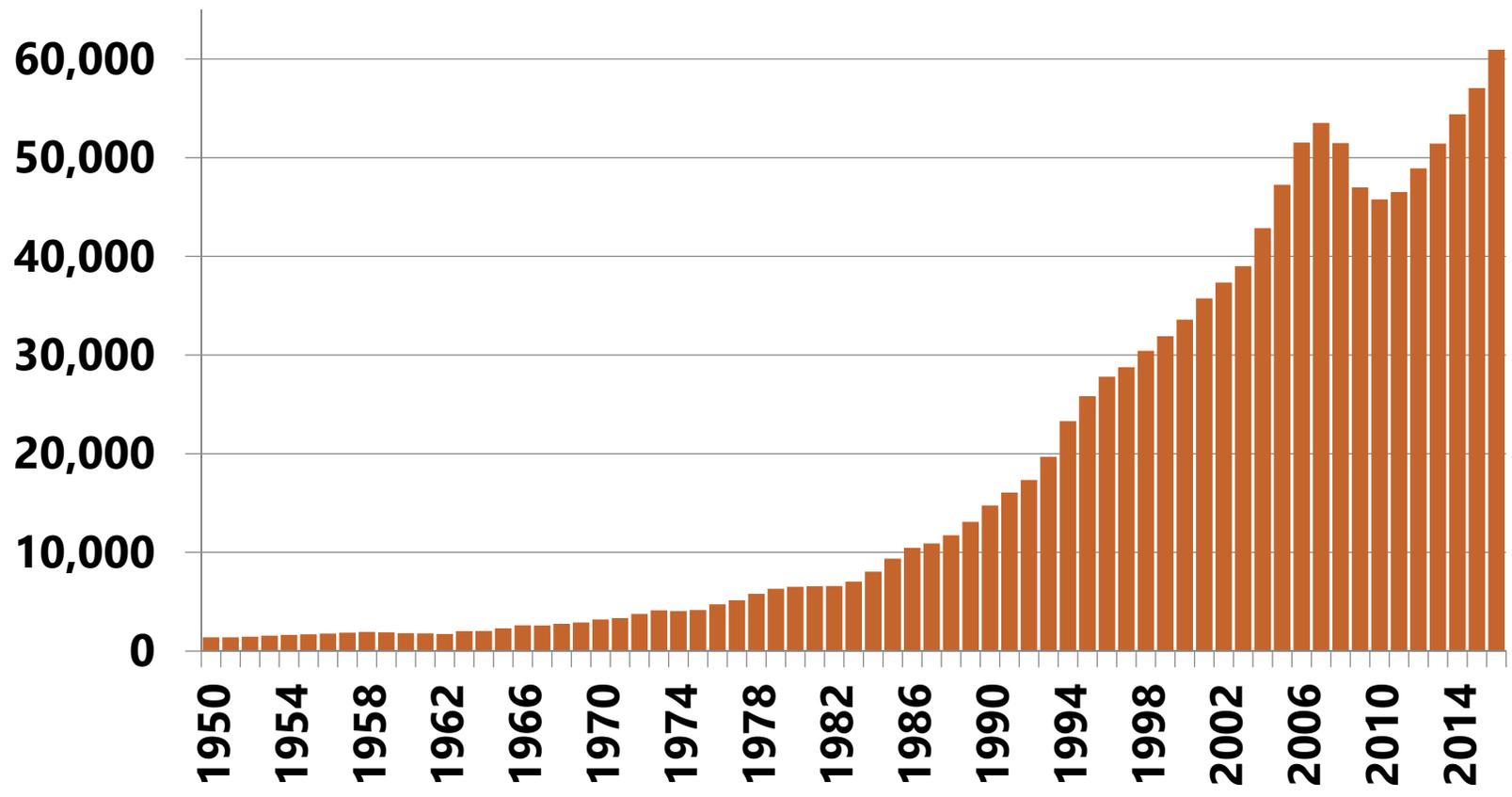
In 2017. . .

Nonfarm Jobs = 62,000



Nonfarm Jobs

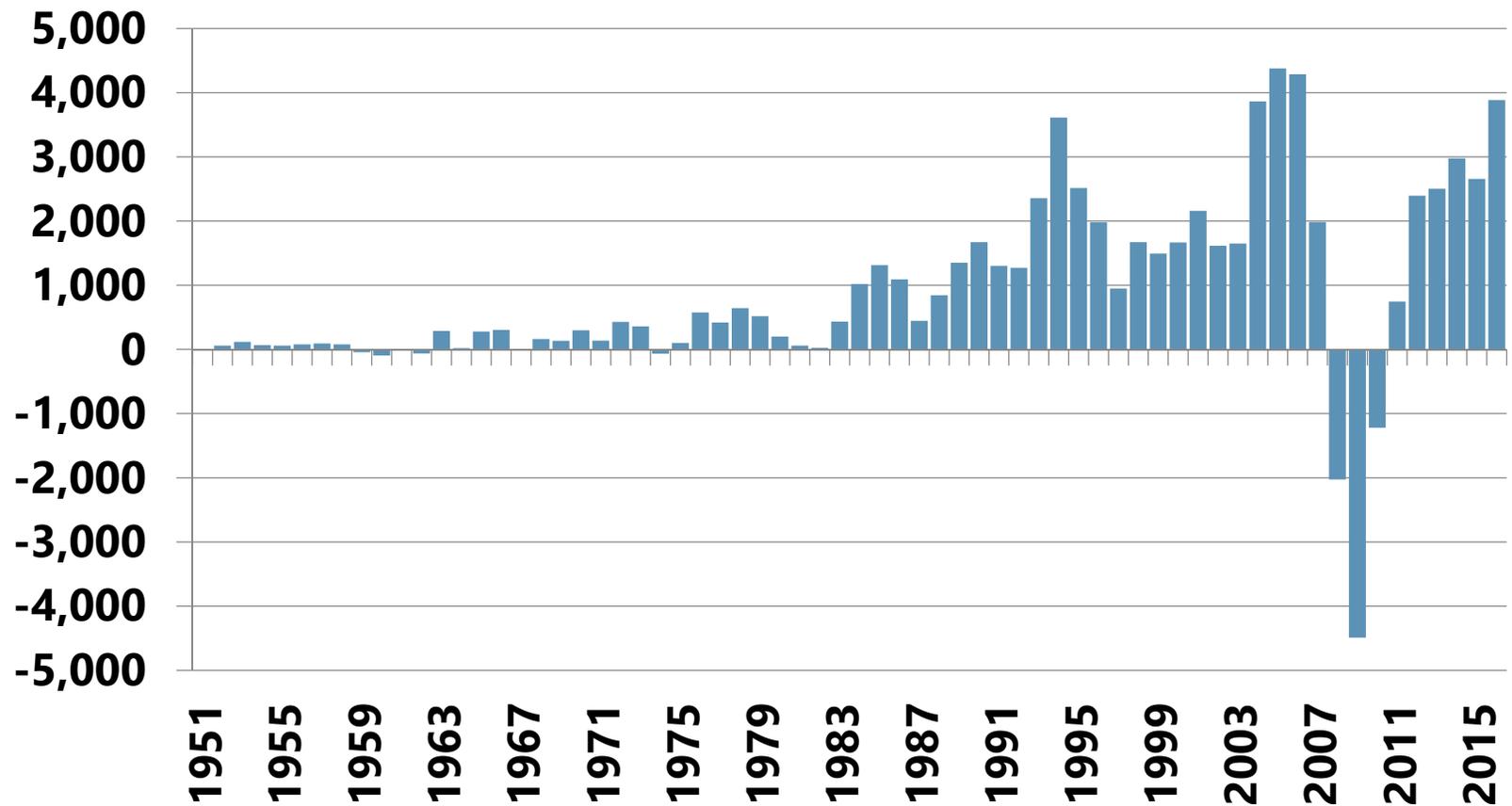
Washington County Nonfarm Jobs



Source: Utah Department of Workforce Services.

Change

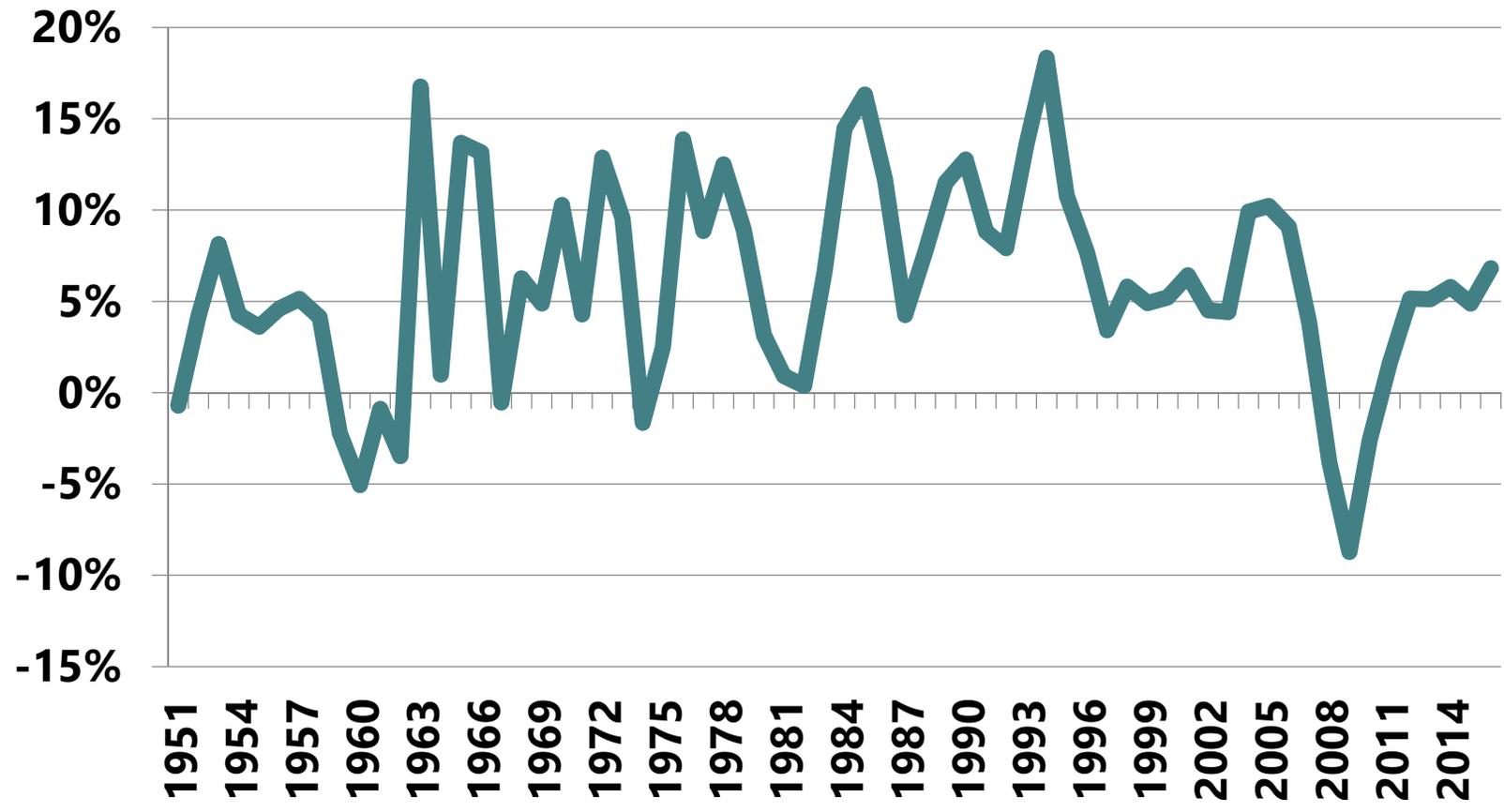
Washington County Change in Nonfarm Jobs



Source: Utah Department of Workforce Services.

Percent Change

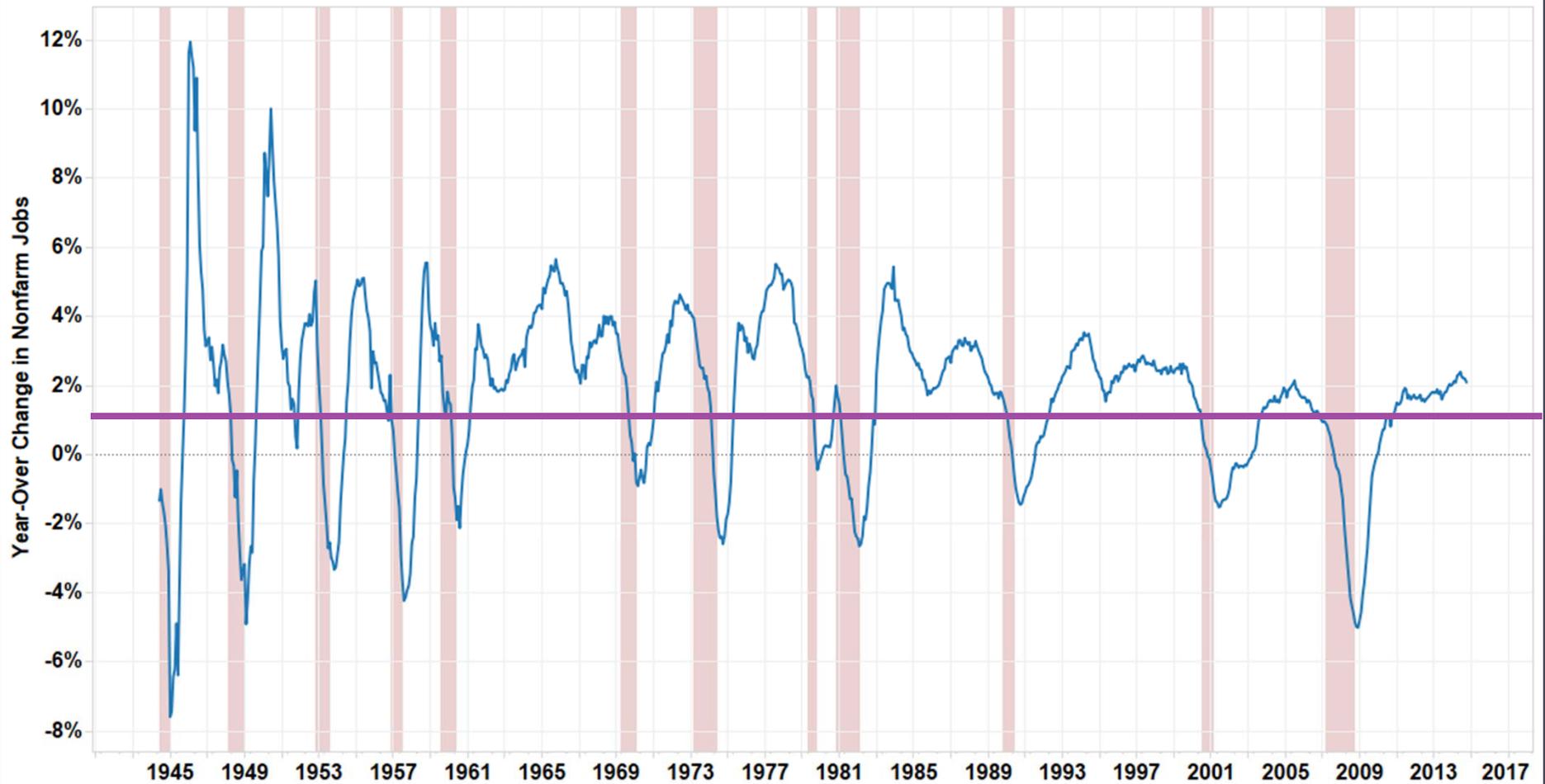
Washington County % Change in Nonfarm Jobs



Source: Utah Department of Workforce Services.

Best Indicator

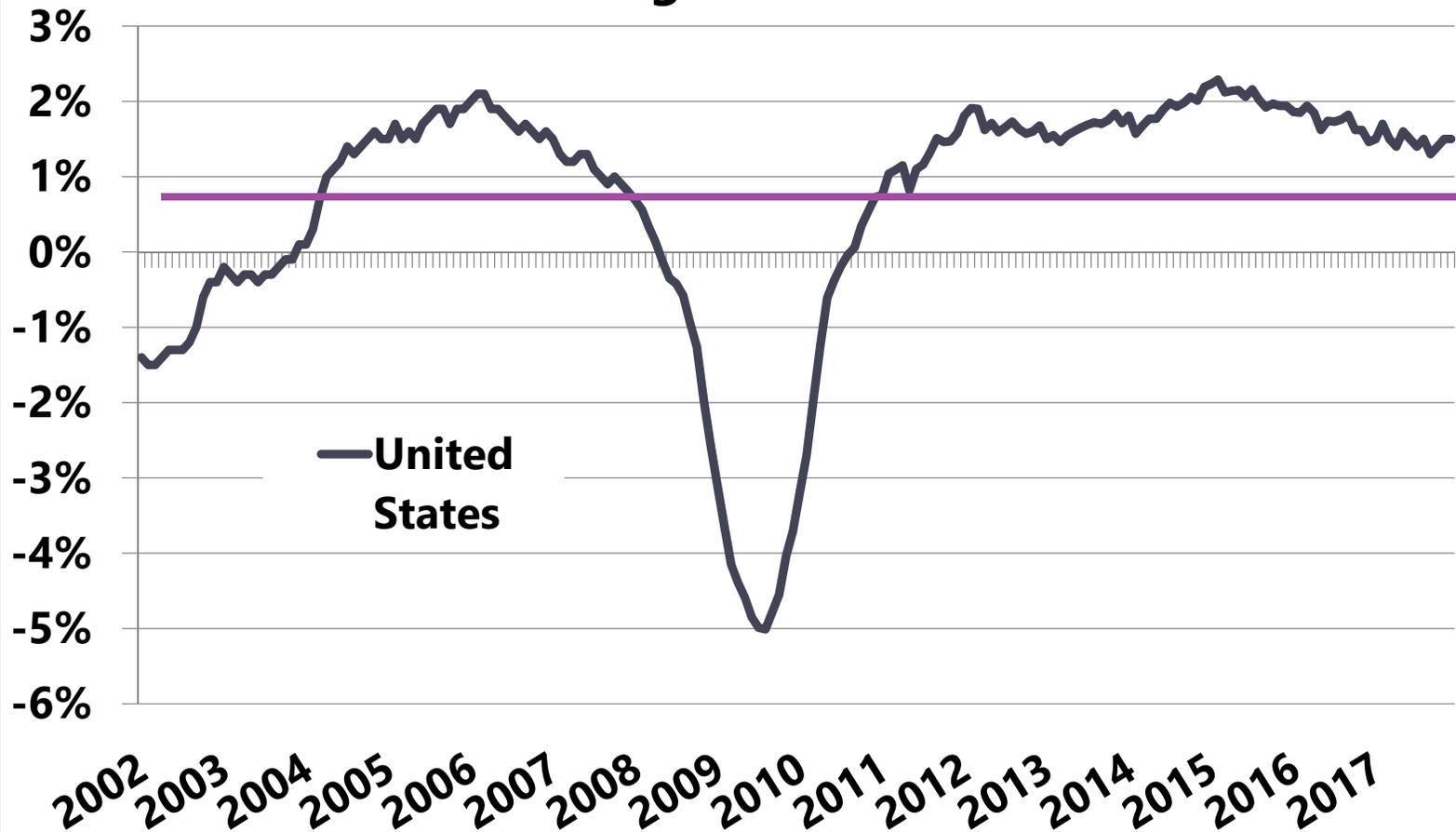
United States
Year-Over Change in Nonfarm Employment



Source: U.S. Bureau of Labor Statistics
Recessions determined by the National Bureau of Economic Research.

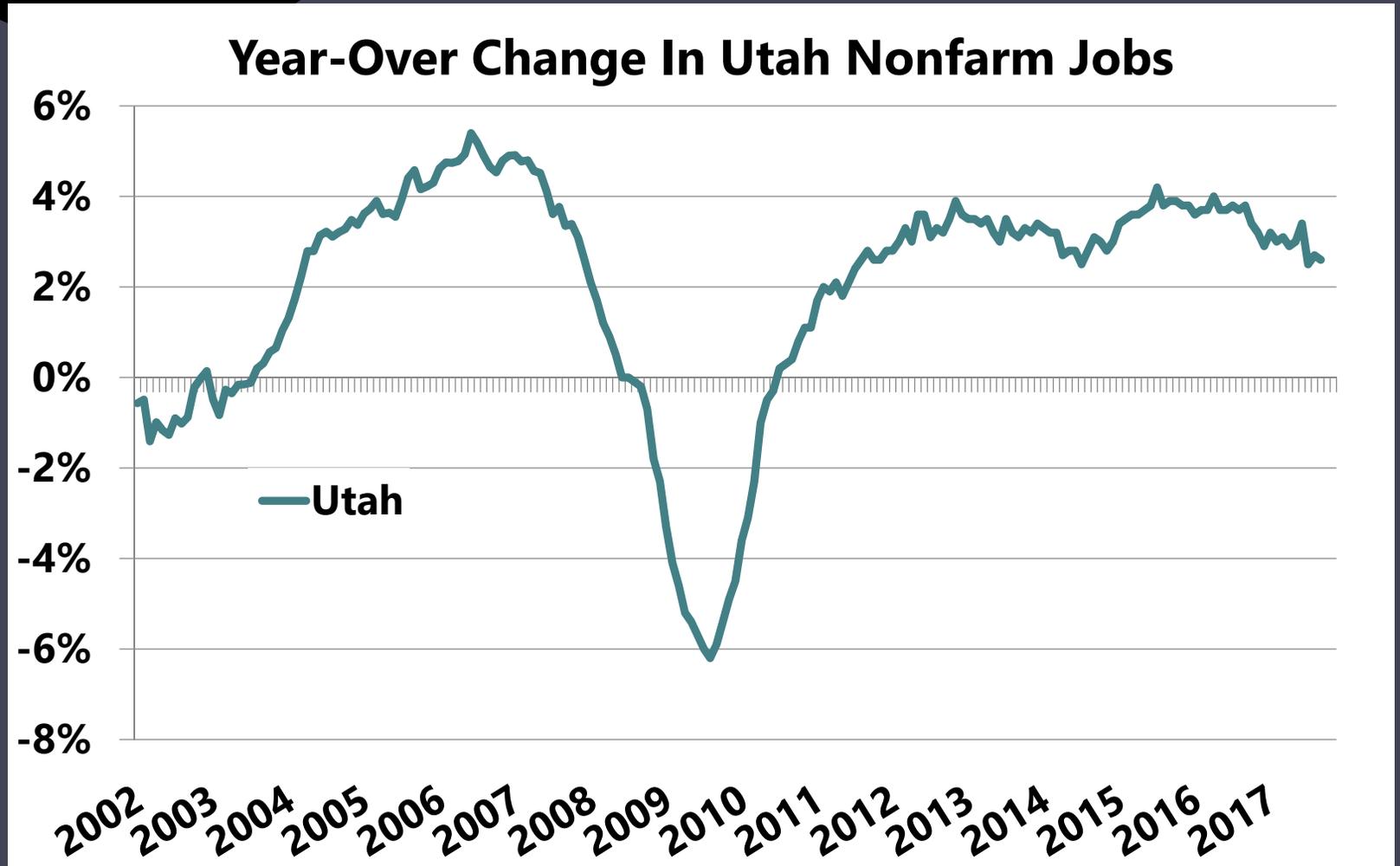
Percent Change

Year-Over Change In U.S. Nonfarm Jobs



Source: U.S. Bureau of Labor Statistics.

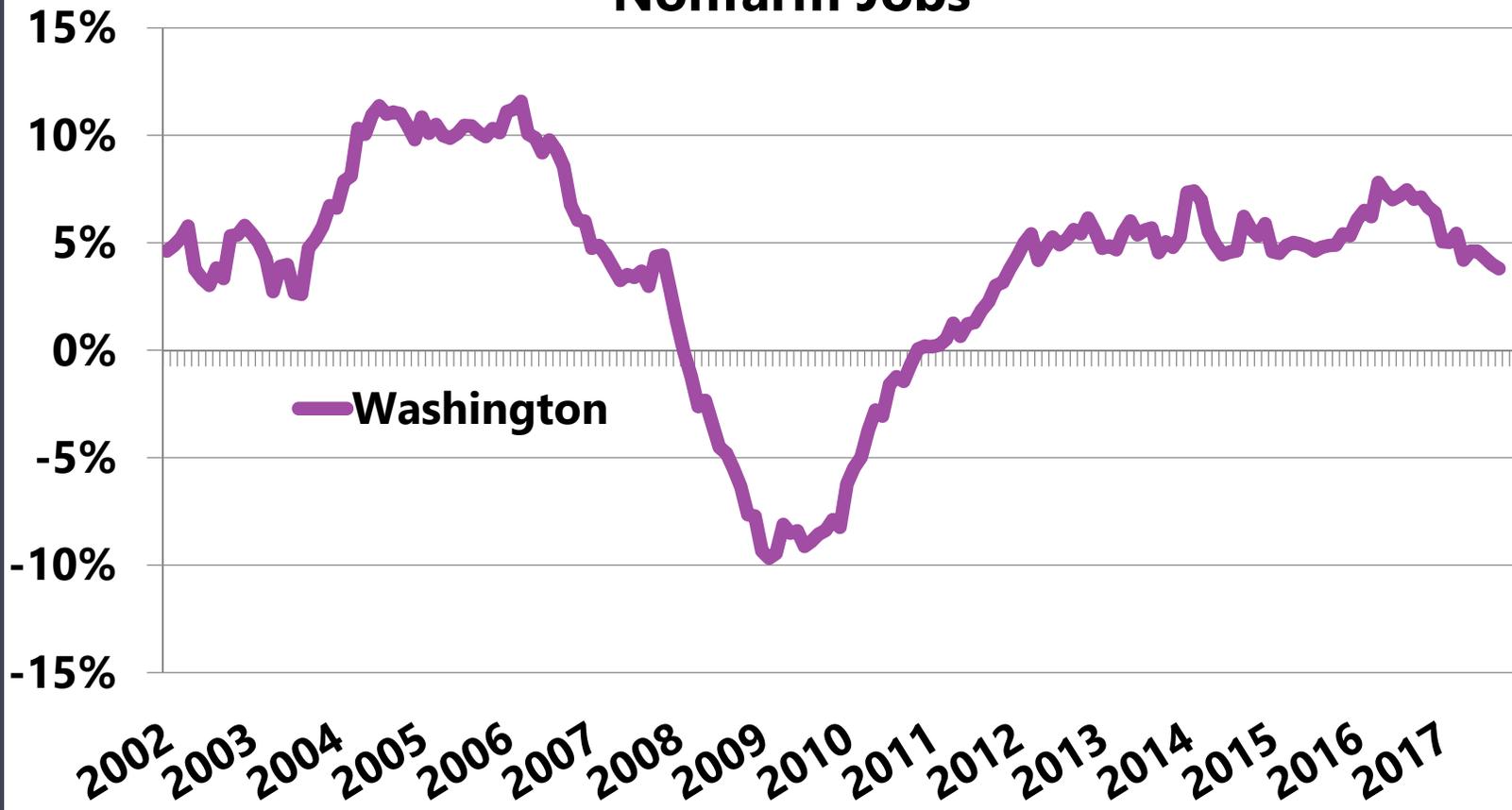
Percent Change



Source: Utah Department of Workforce Services.

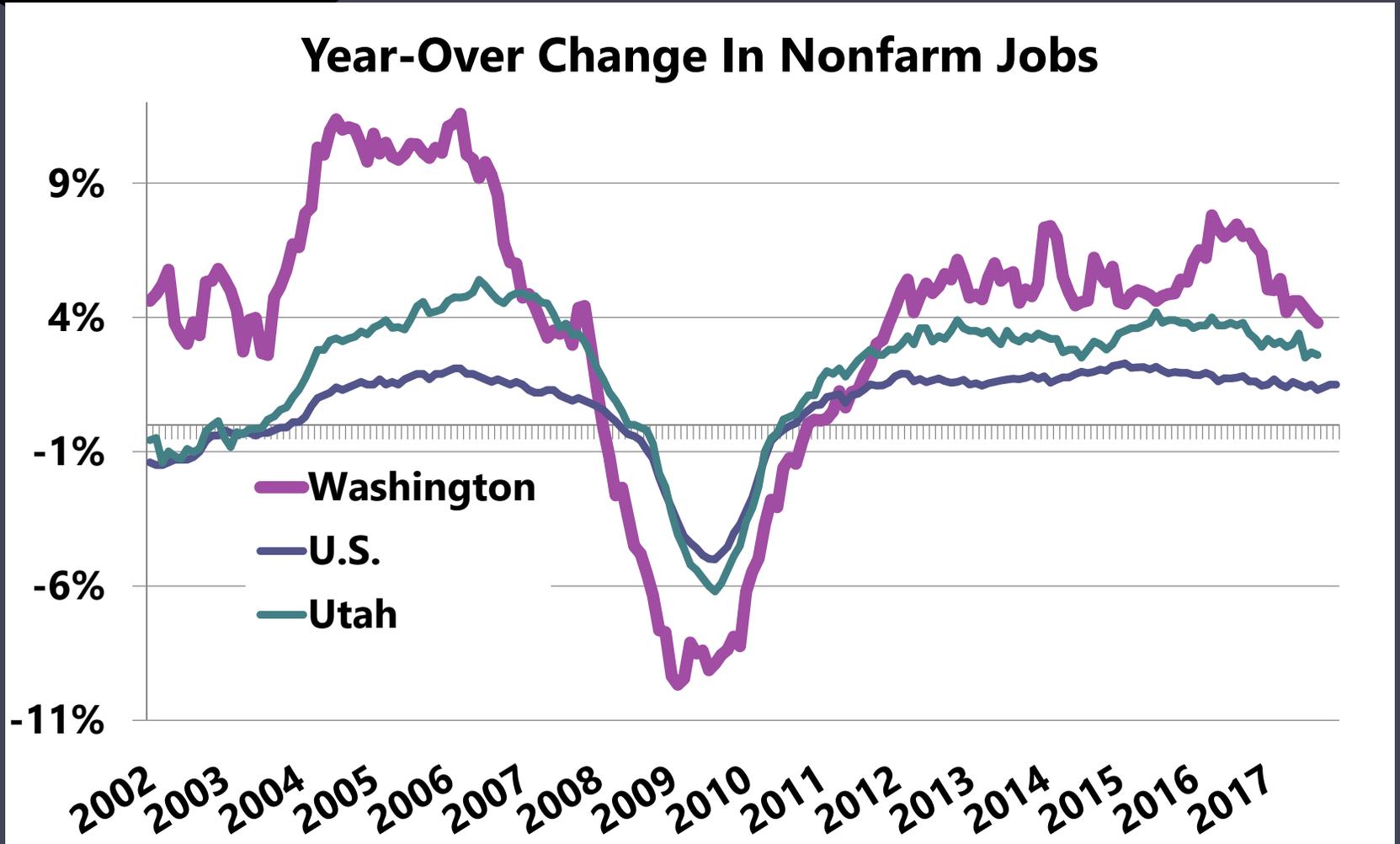
Percent Change

Year-Over Change In Washington County Nonfarm Jobs



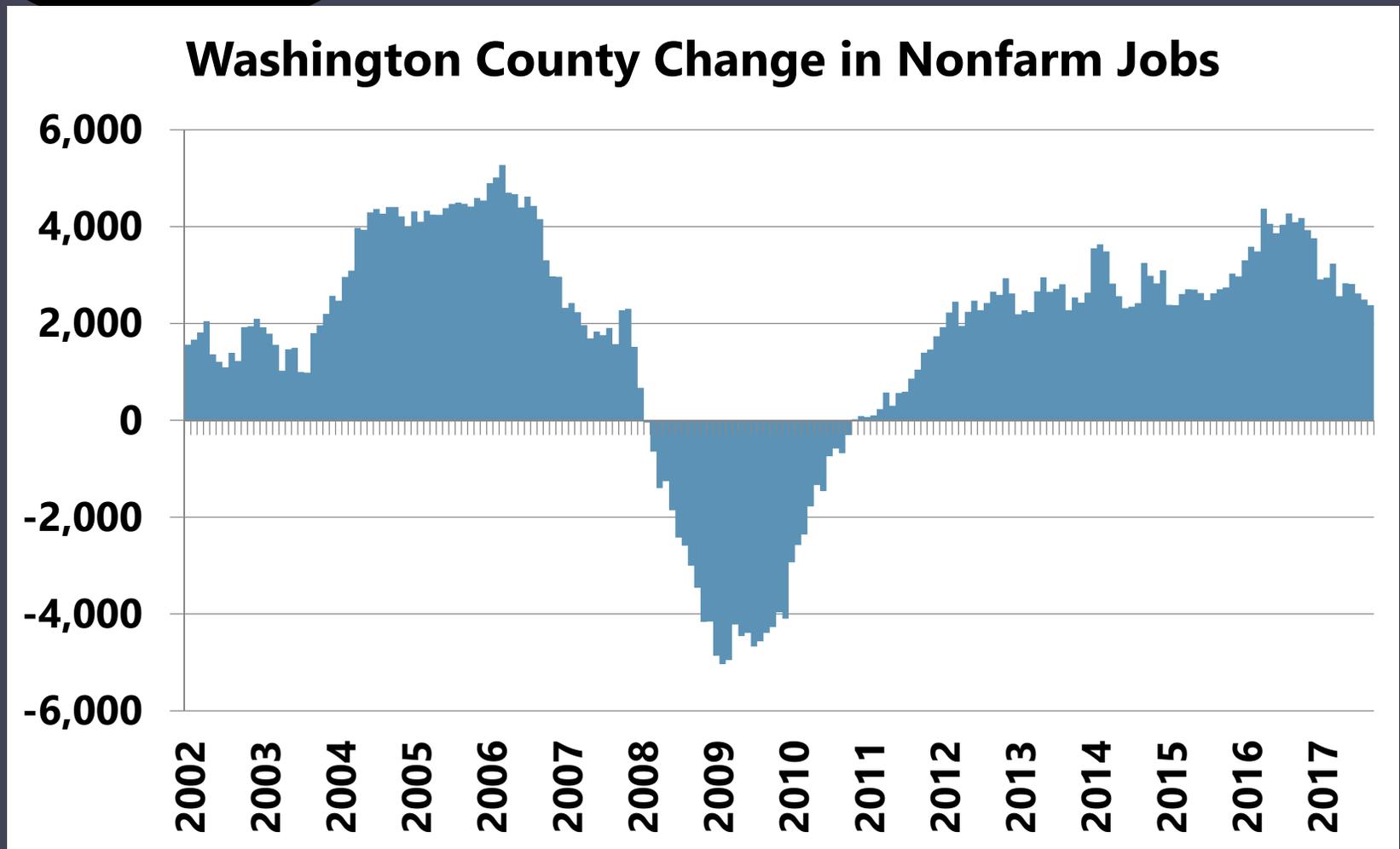
Source: Utah Department of Workforce Services.

Percent Change



Source: U. S. Bureau of Labor Statistics; Utah Department of Workforce Services.

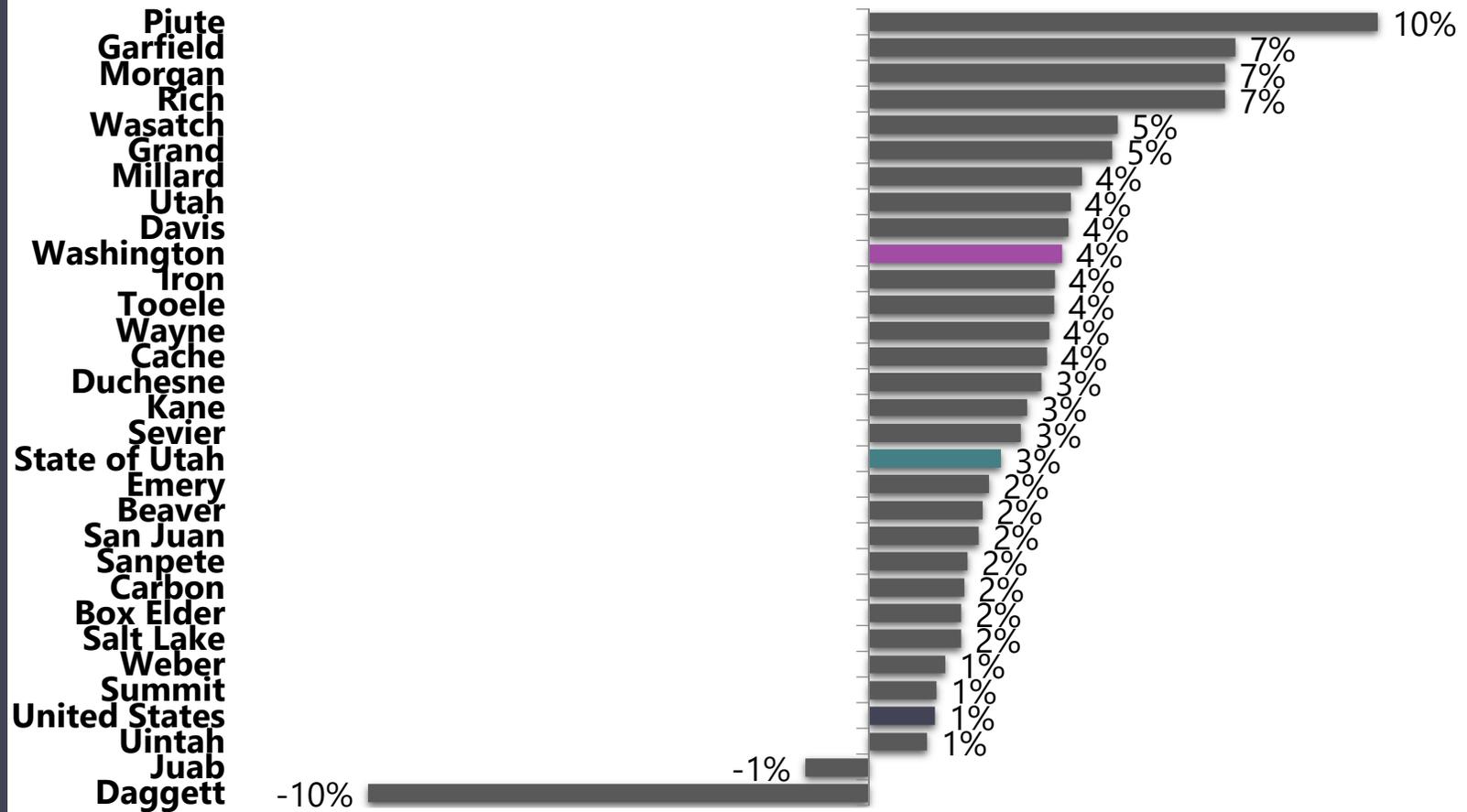
Change



Source: Utah Department of Workforce Services.

Ranking

Percent Change in Nonfarm Jobs September 2016- September 2017



Source: Utah Department of Workforce Services.

INDUSTRY

**The county's industrial
employment mix continues to
change| DIVERSITY.**

Washington County's industry employment is becoming
more diverse.

THEN

In 1960. . .

Largest Industry—
Government



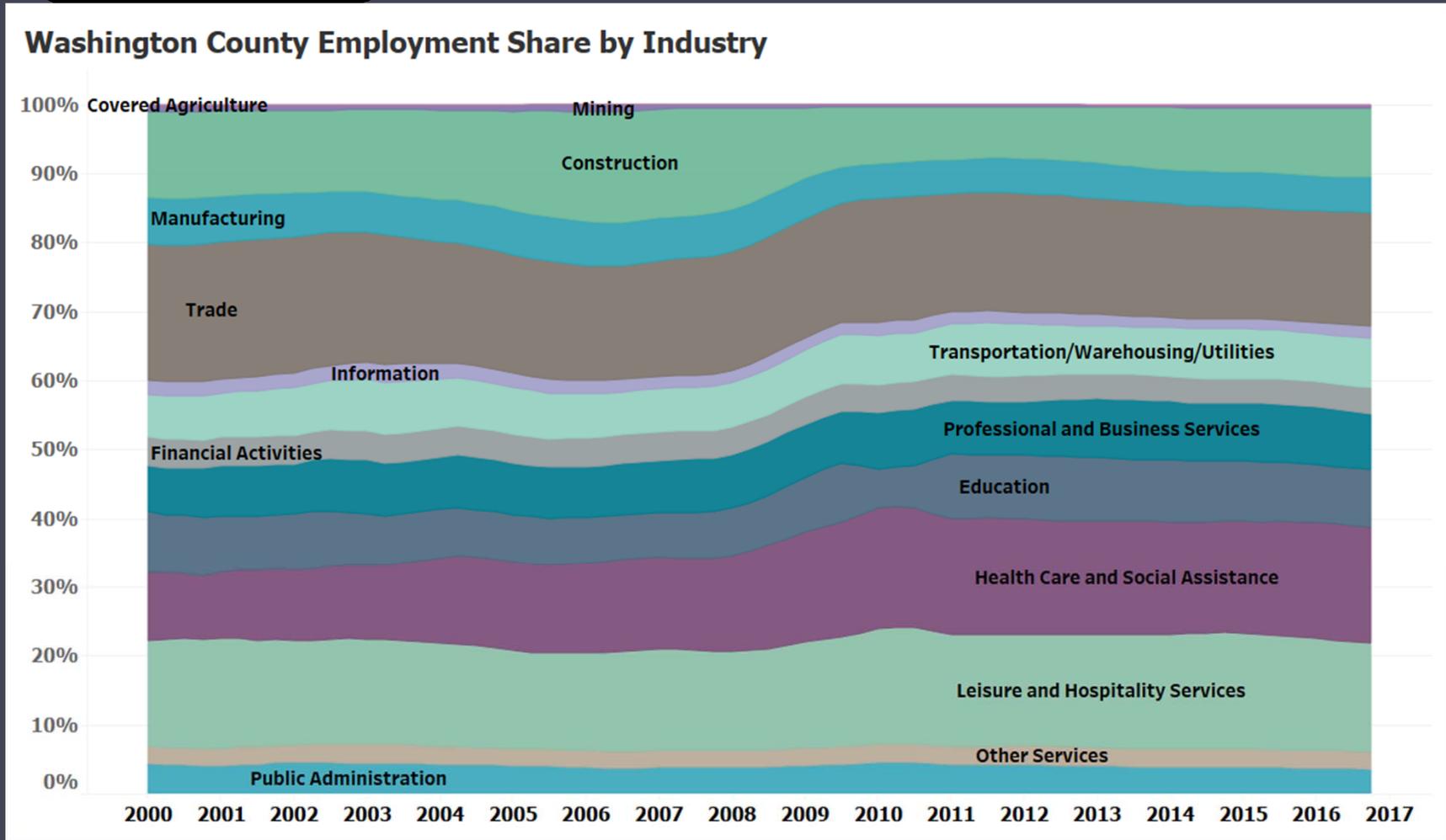


NOW

In 2017. . .

Largest Industry—
*Healthcare &
Social Assistance*

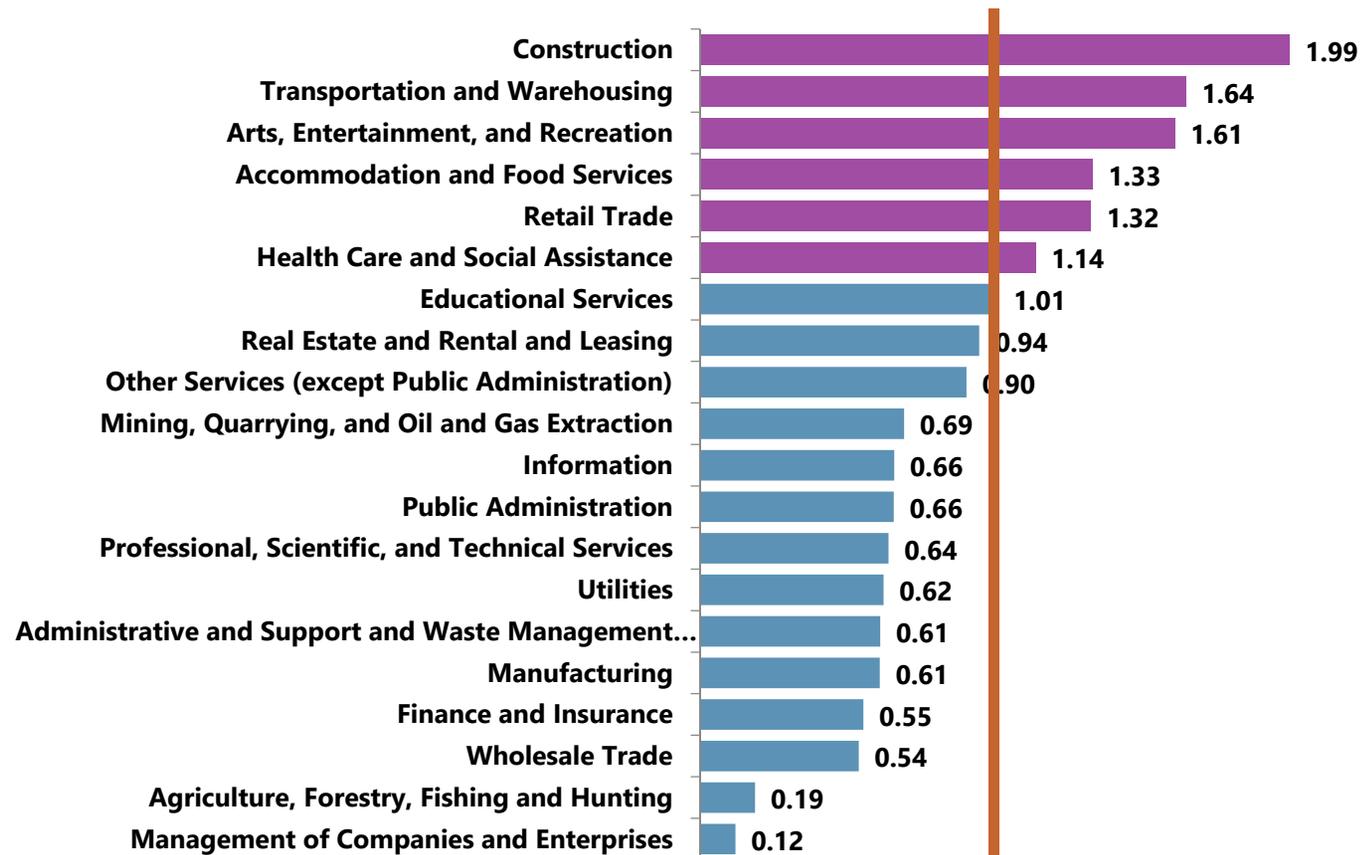
Industry Share



Source: U.S. Census Bureau; Local Employment Dynamics.

Location Quotients

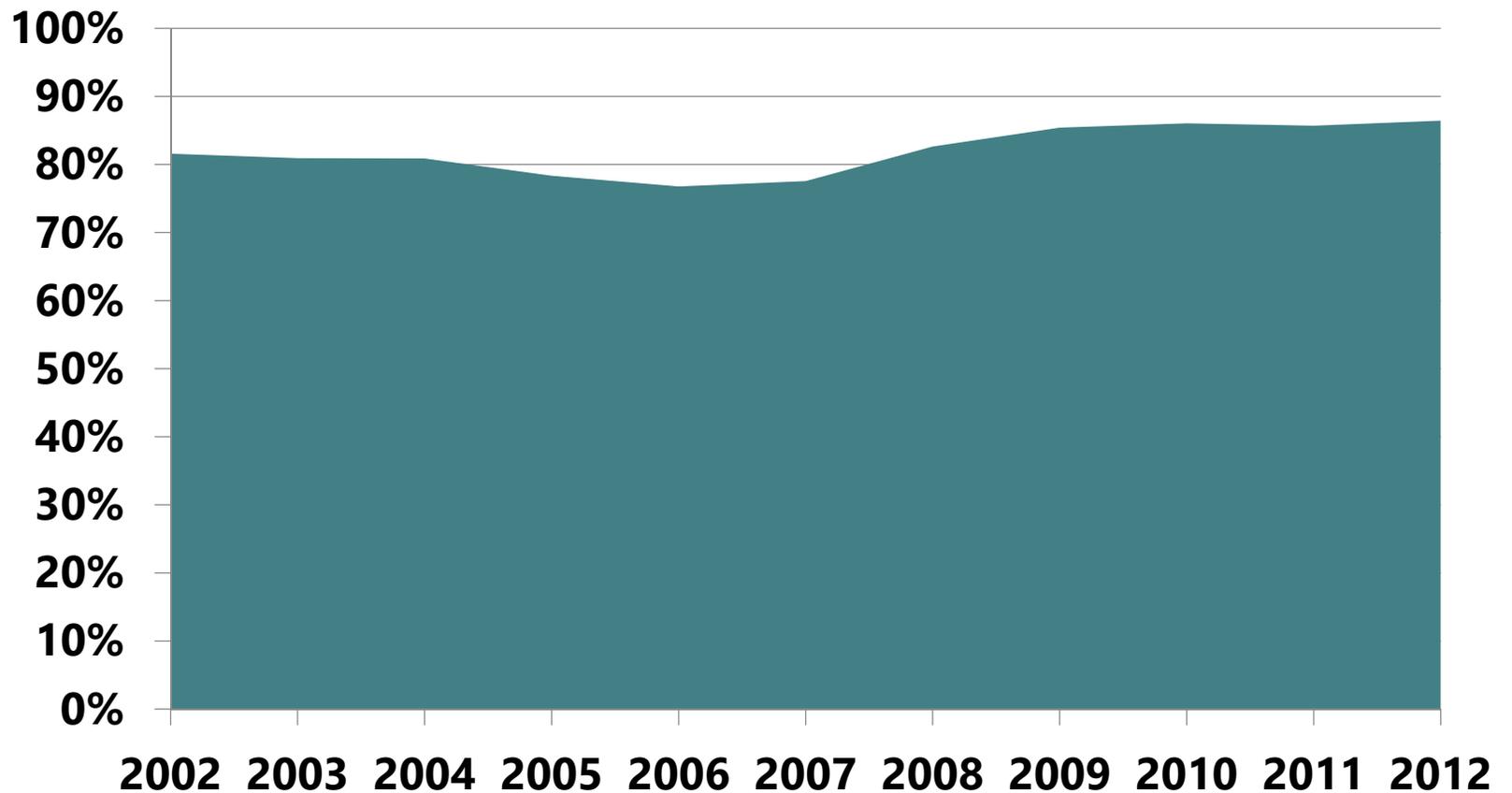
Washington County 2016 Location Quotients



Source: Utah Department of Workforce Services; U.S. Bureau of Labor Statistics.

Industry Diversity

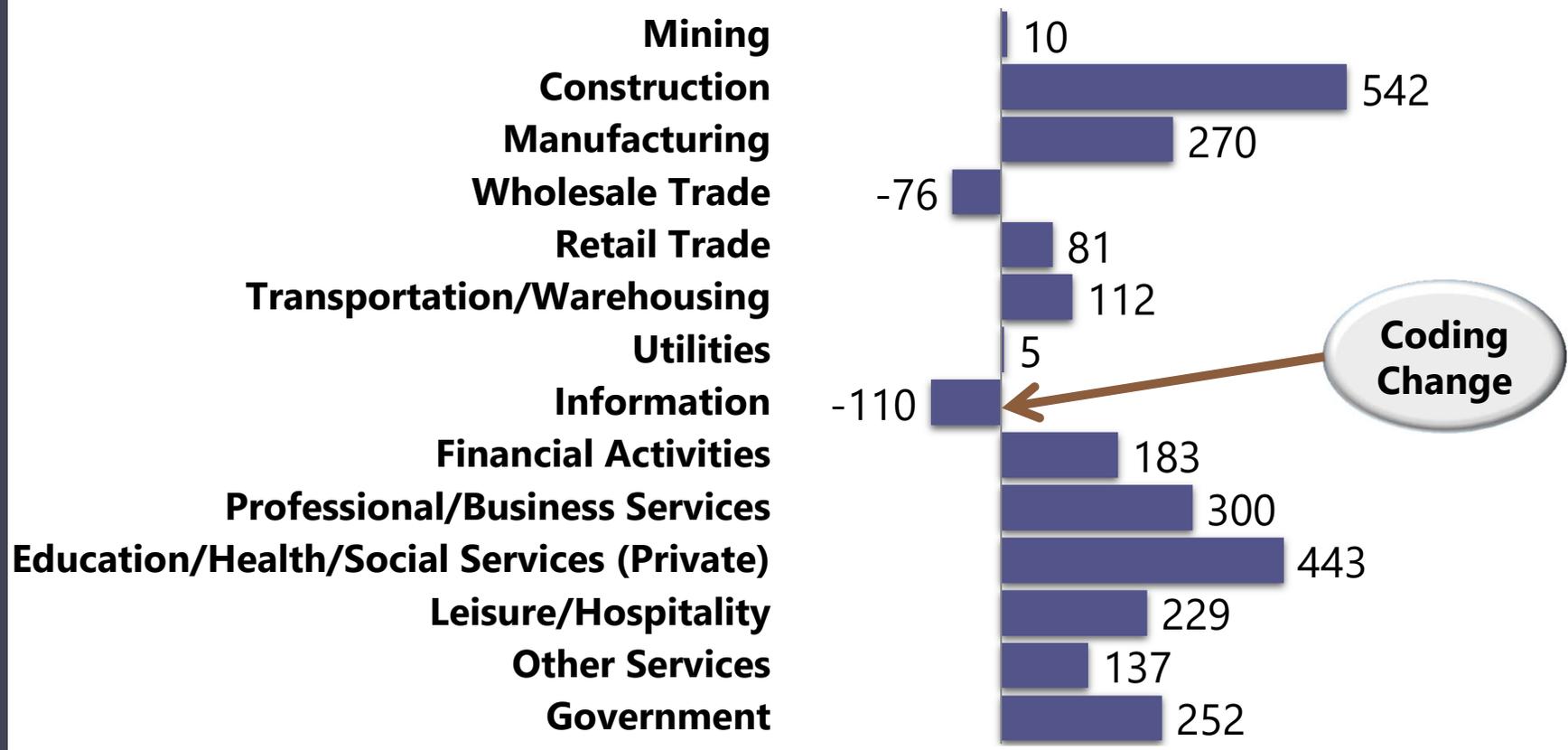
Washington County Hachman Index



Source: Utah Department of Workforce Services; U.S. Bureau of Labor Statistics.

Industry Change

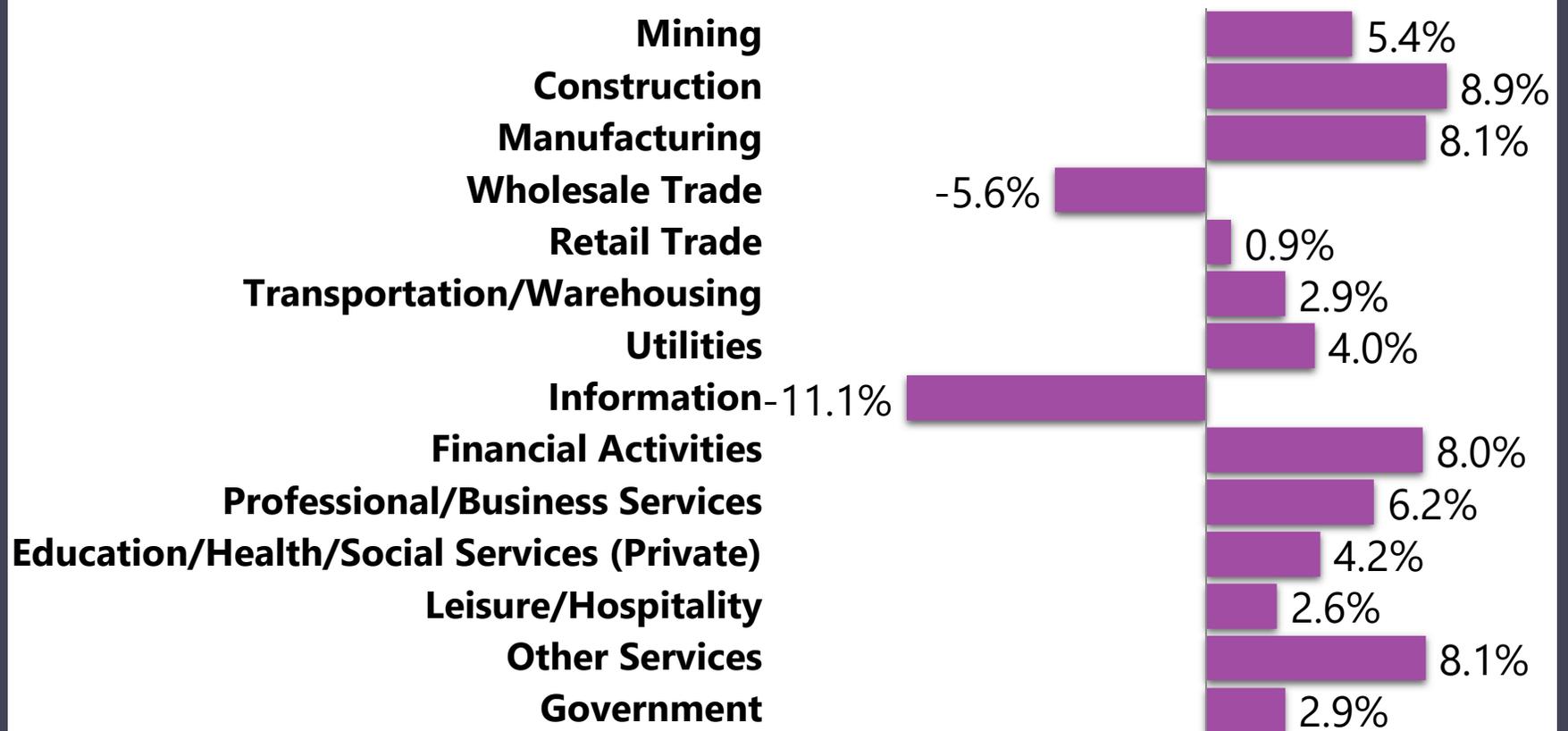
Washington County Year-Over Change in Nonfarm Jobs, September 2016-September 2017



Source: Utah Department of Workforce Services.

Industry Change

Washington County Year-Over Change in Nonfarm Jobs, September 2016-September 2017



Source: Utah Department of Workforce Services.

Industry Change

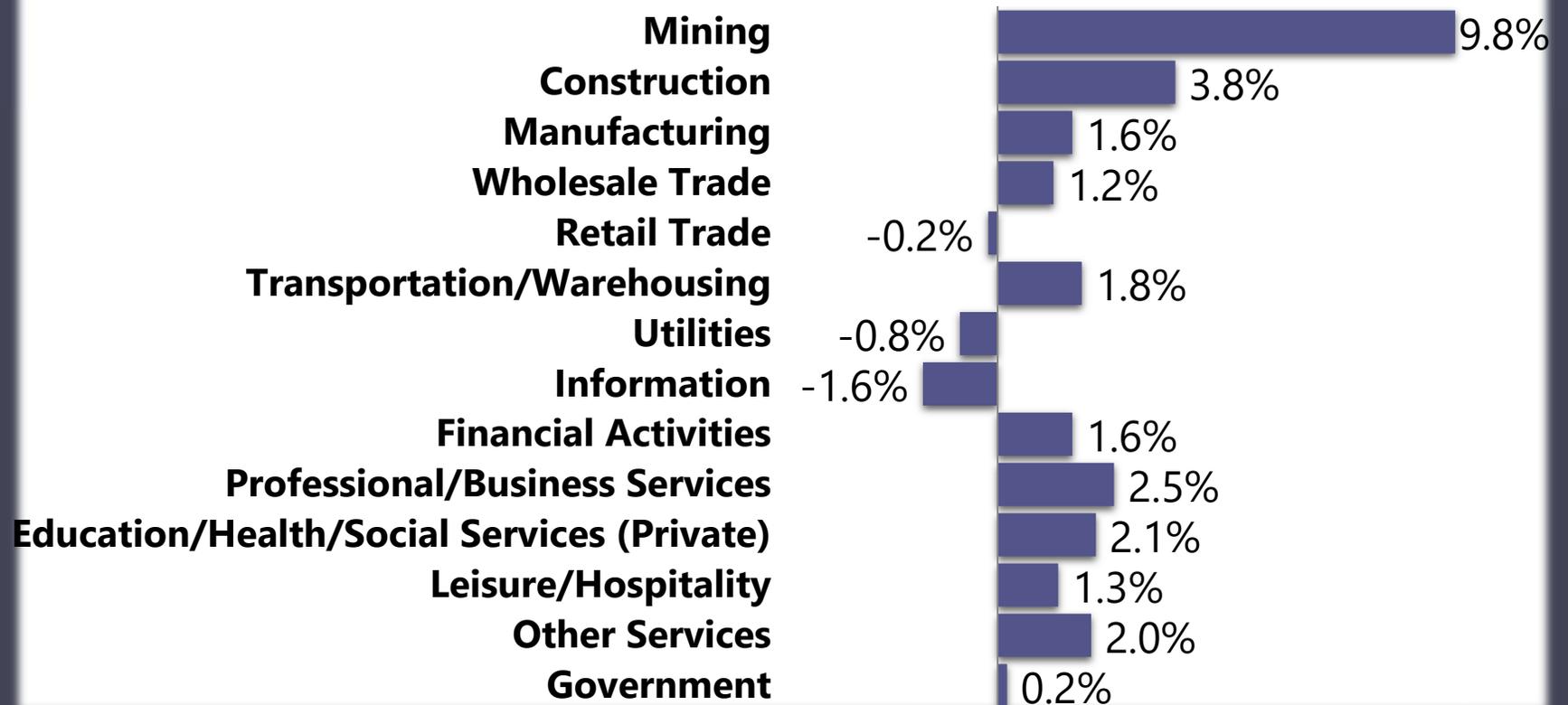
Utah Year-Over Change in Nonfarm Jobs September 2016-September 2017



Source: Utah Department of Workforce Services.

Industry Change

United States Year-Over Change in Nonfarm Jobs September 2016-September 2017



Source: Utah Department of Workforce Services.

WAGES

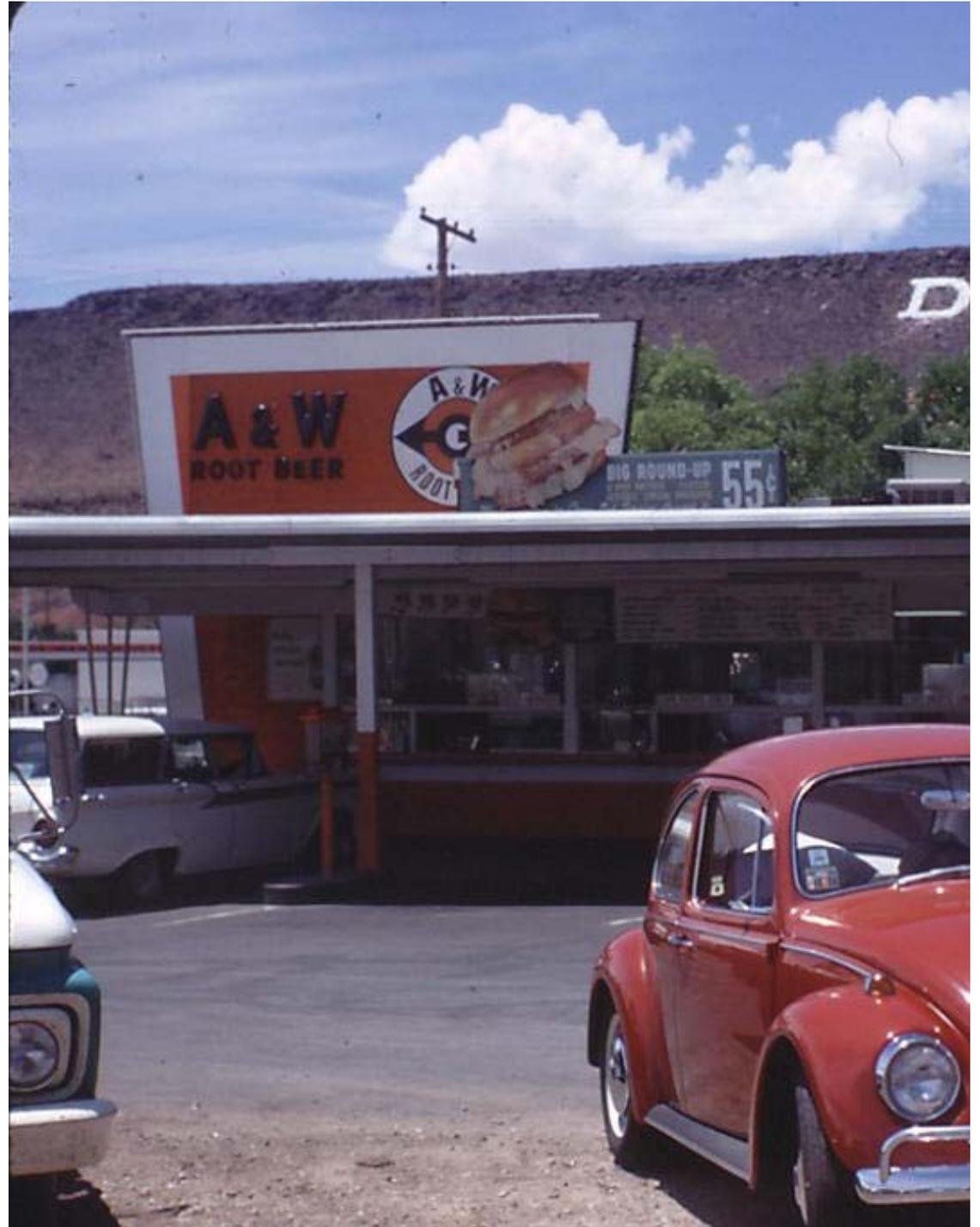
**Average wages reflect industry
mix| GAP.**

A tight labor market pushes up wages.

THEN

In 1960. . .

Average Monthly Wage
= \$280

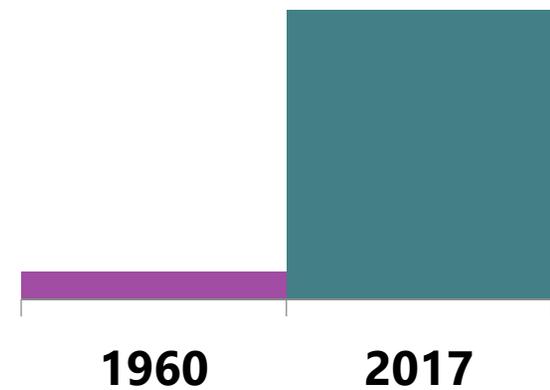




NOW

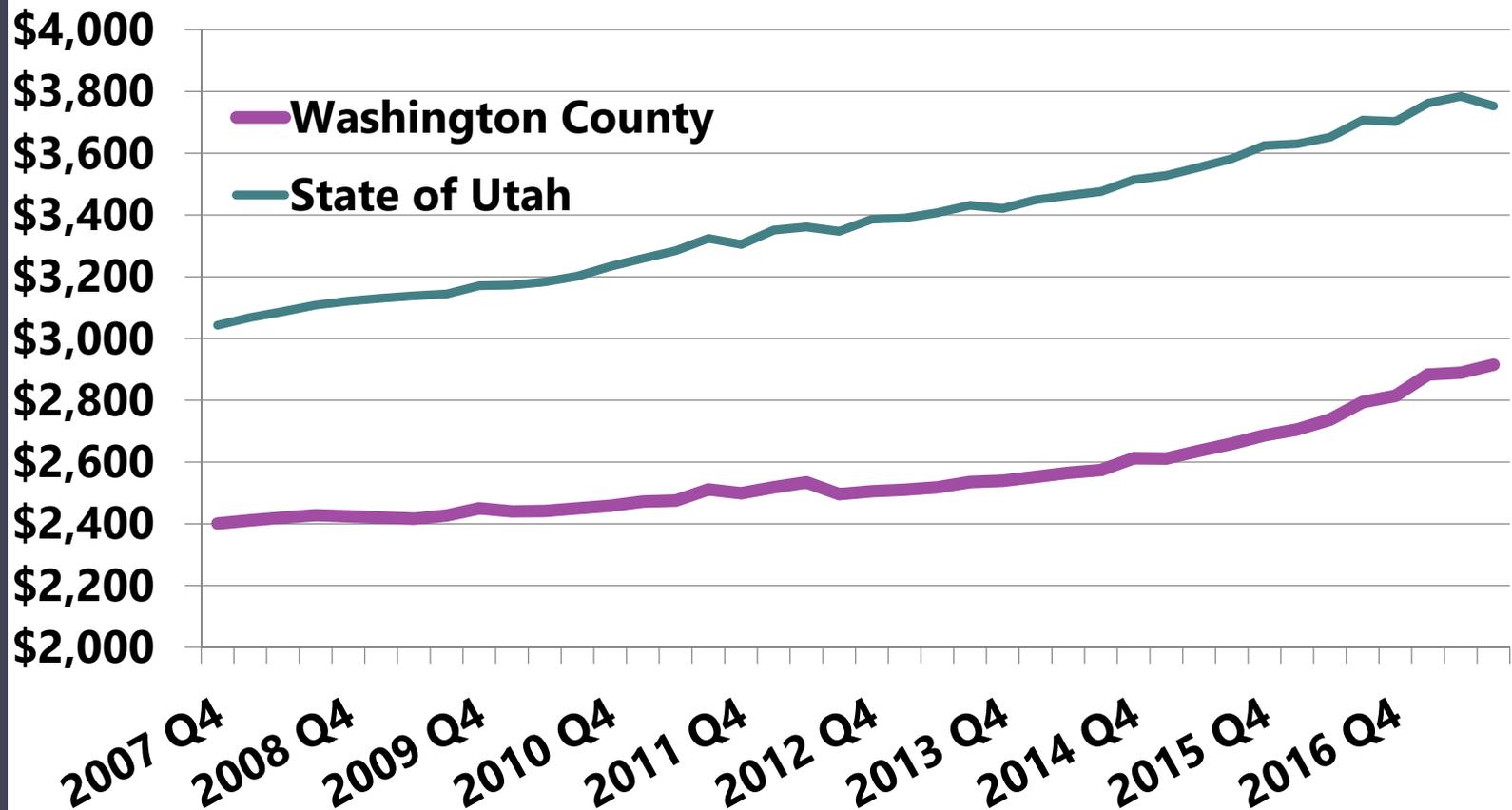
In 2017. . .

Average Monthly Wage
= \$2,900



Average Wage

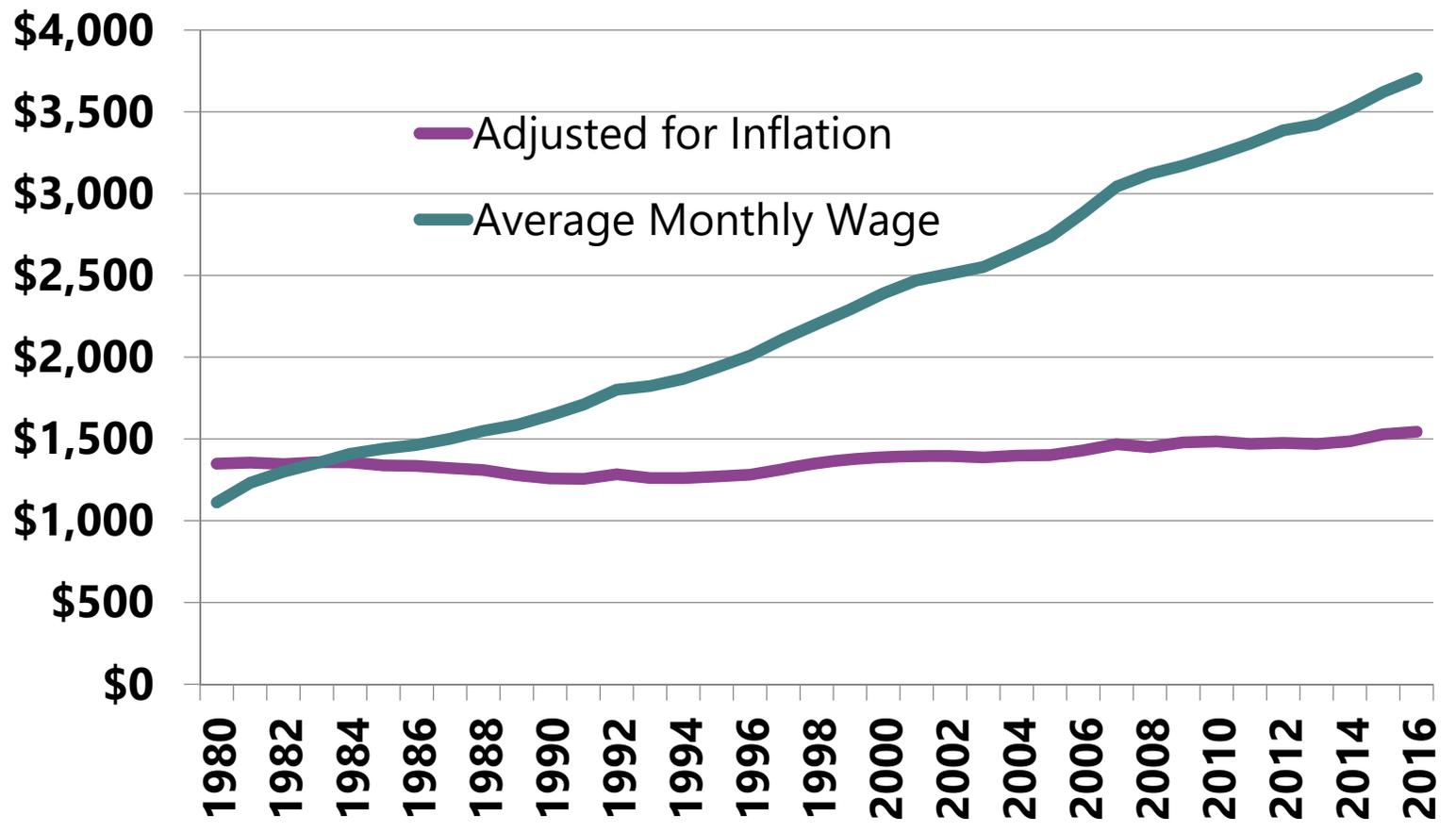
Average Monthly Nonfarm Wage



Source: Utah Department of Workforce Services.

Inflation Adjusted

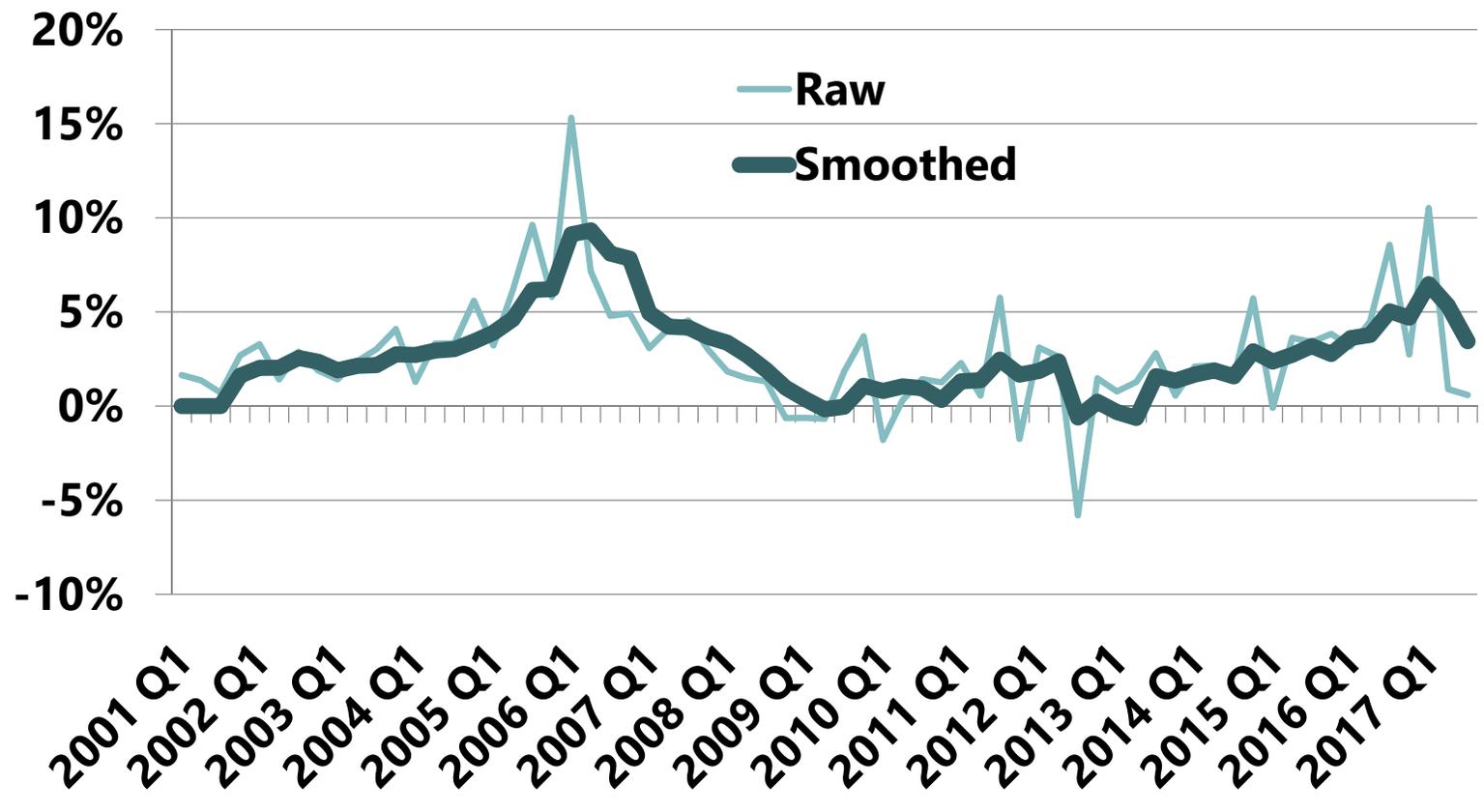
Washington County Average Monthly Wage



Source: Utah Department of Workforce Services.

Change

Washington County Year-Over Change in Average Monthly Wage



Source: Utah Department of Workforce Services.

Industry

2016 Washington County Average Monthly Wage



* Not included in total

Source: Utah Department of Workforce Services.

UNEMPLOYMENT RATE

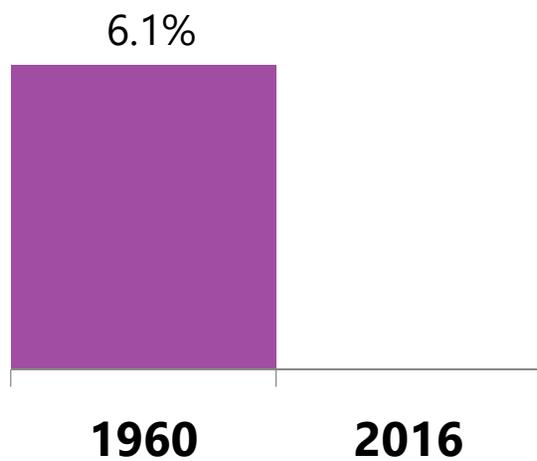
**Low unemployment rate reflects
“full employment” | TIGHT.**

The unemployment rate is a “lagging” indicator.

THEN

In 1960. . .

Unemployment Rate =
6.1 percent

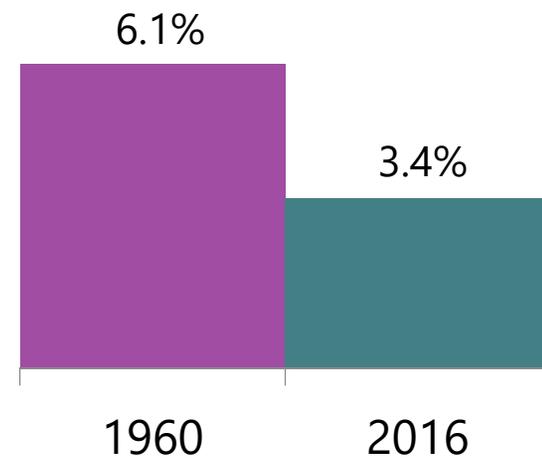




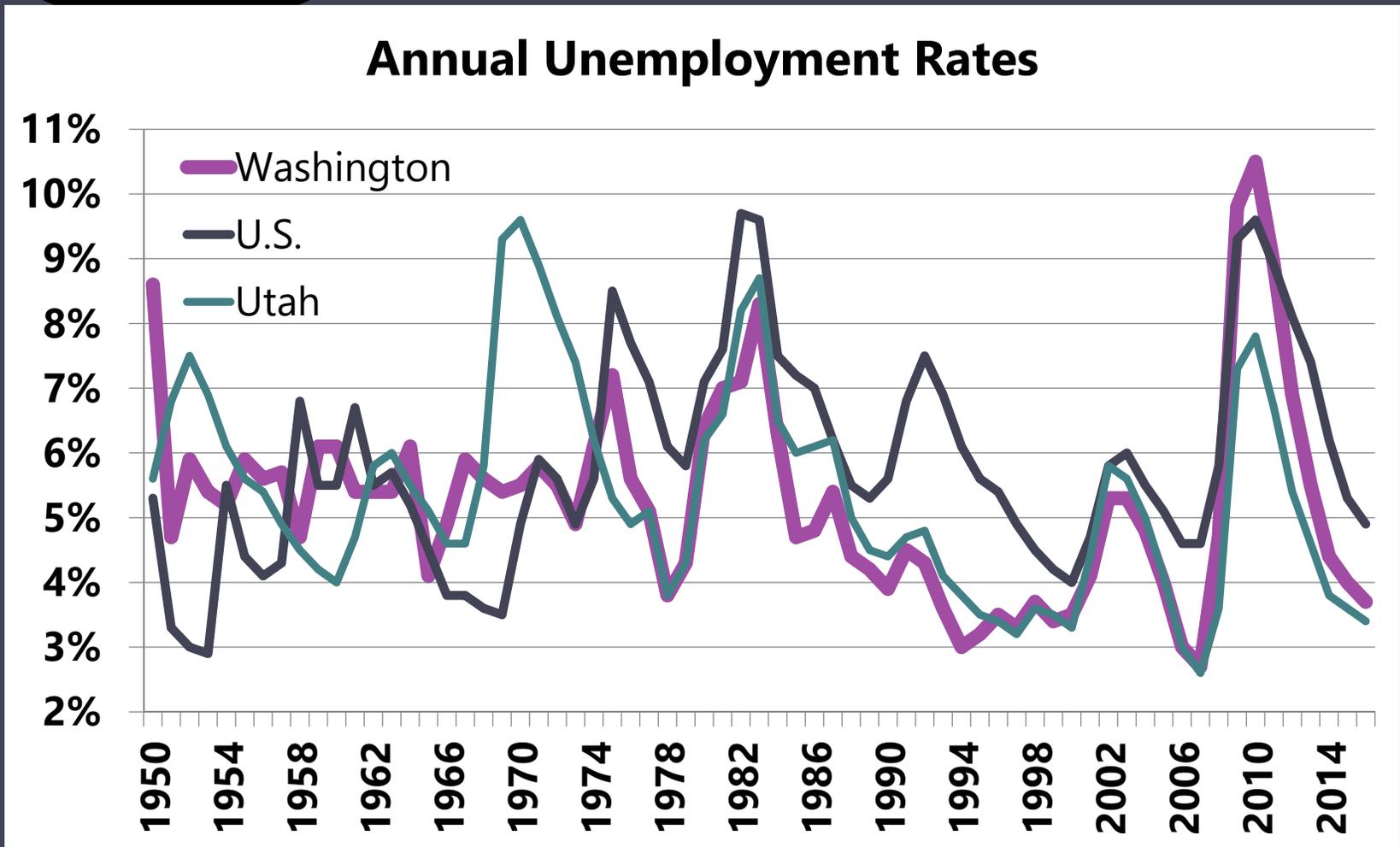
NOW

In 2016. . .

Unemployment Rate =
3.4%

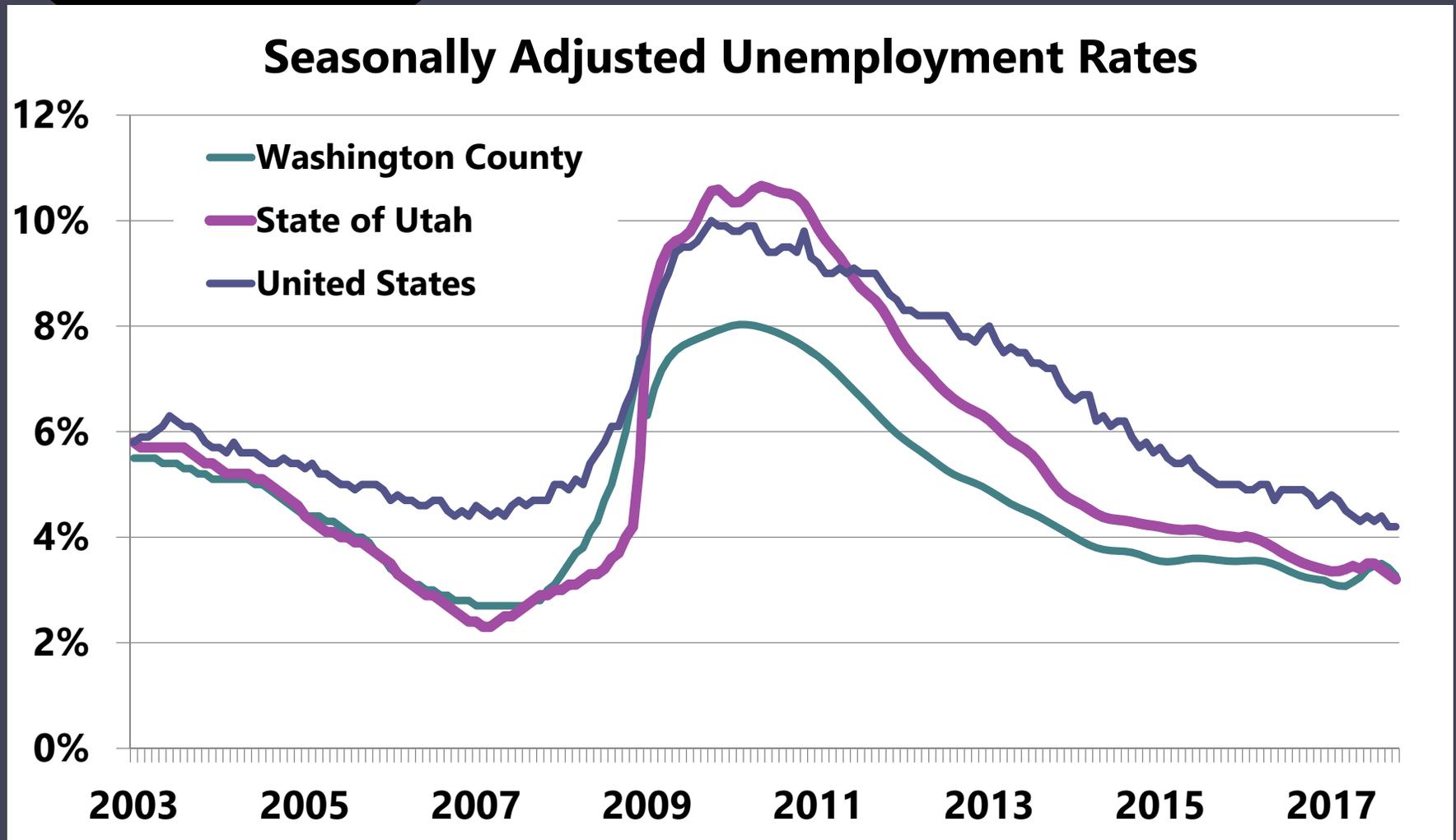


Unemployment Rate



Source: U.S. Bureau of Labor Statistics; Utah Department of Workforce Services.

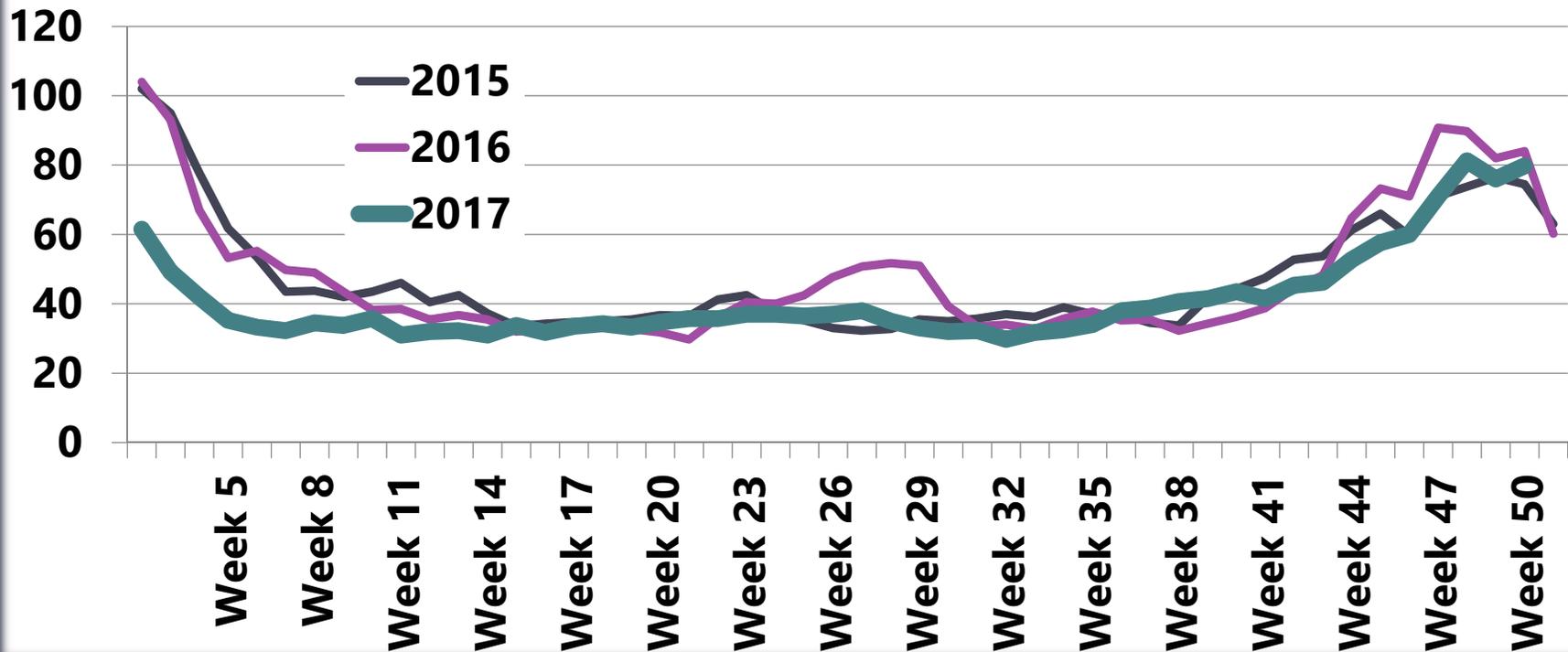
Unemployment Rate



Source: U.S. Bureau of Labor Statistics; Utah Department of Workforce Services.

Unemployment Claims

Washington County Initial Claims for Unemployment Insurance (Four-Week Average)



Source: Utah Department of Workforce Services.

CONSTRUCTION

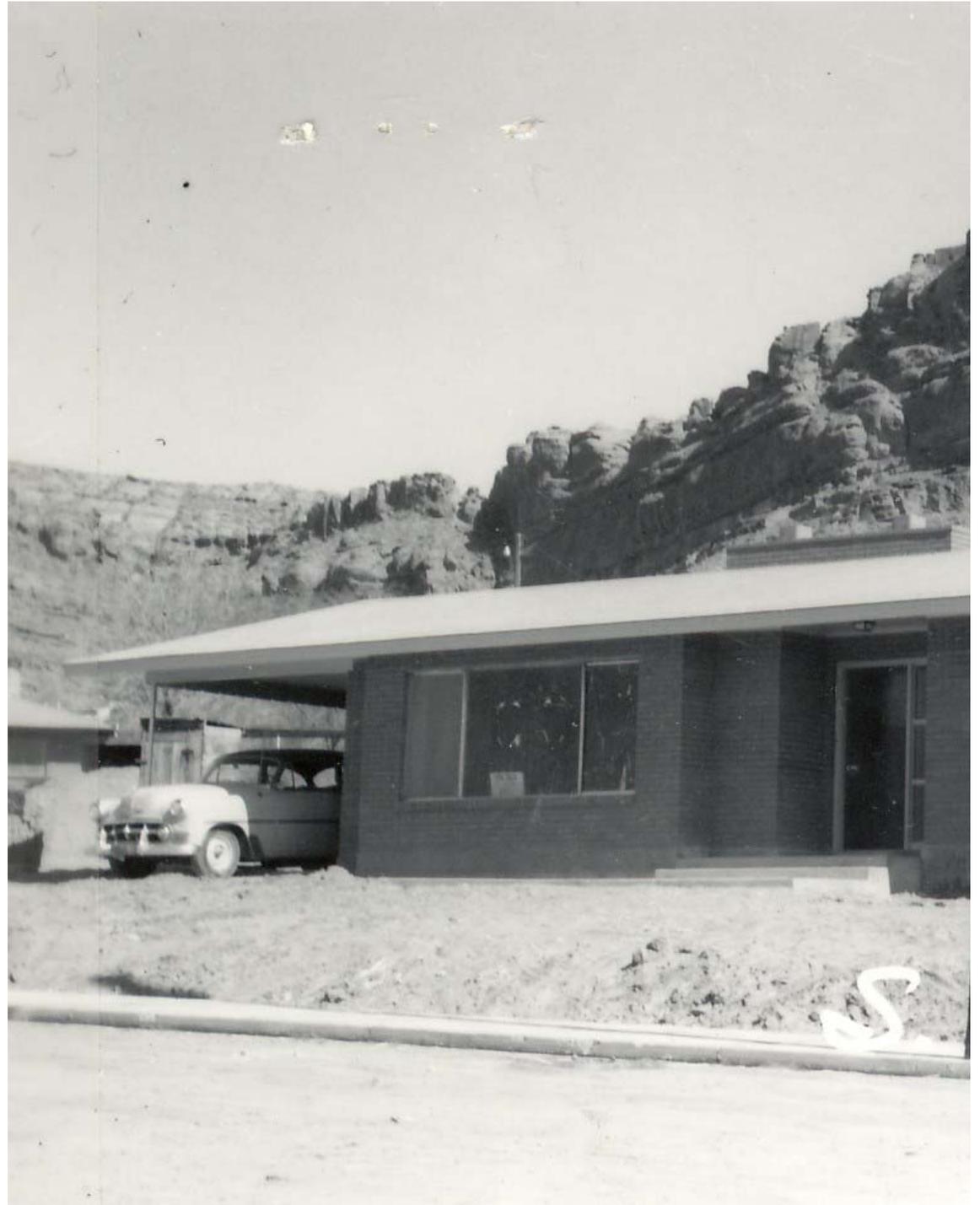
**Residential construction heated up
in 2017| BELOW BUBBLE.**

Data show cyclical pattern, but no bubble.

THEN

In 1975. . .

Homes Permitted = 125

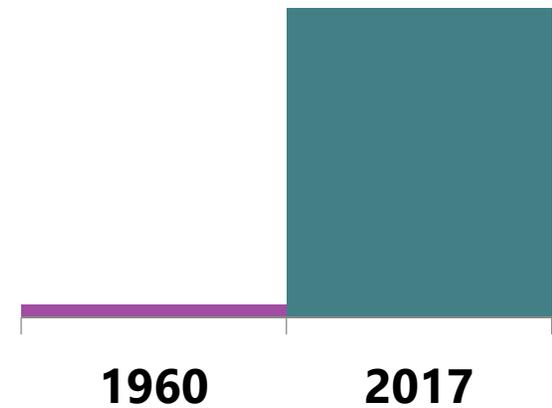




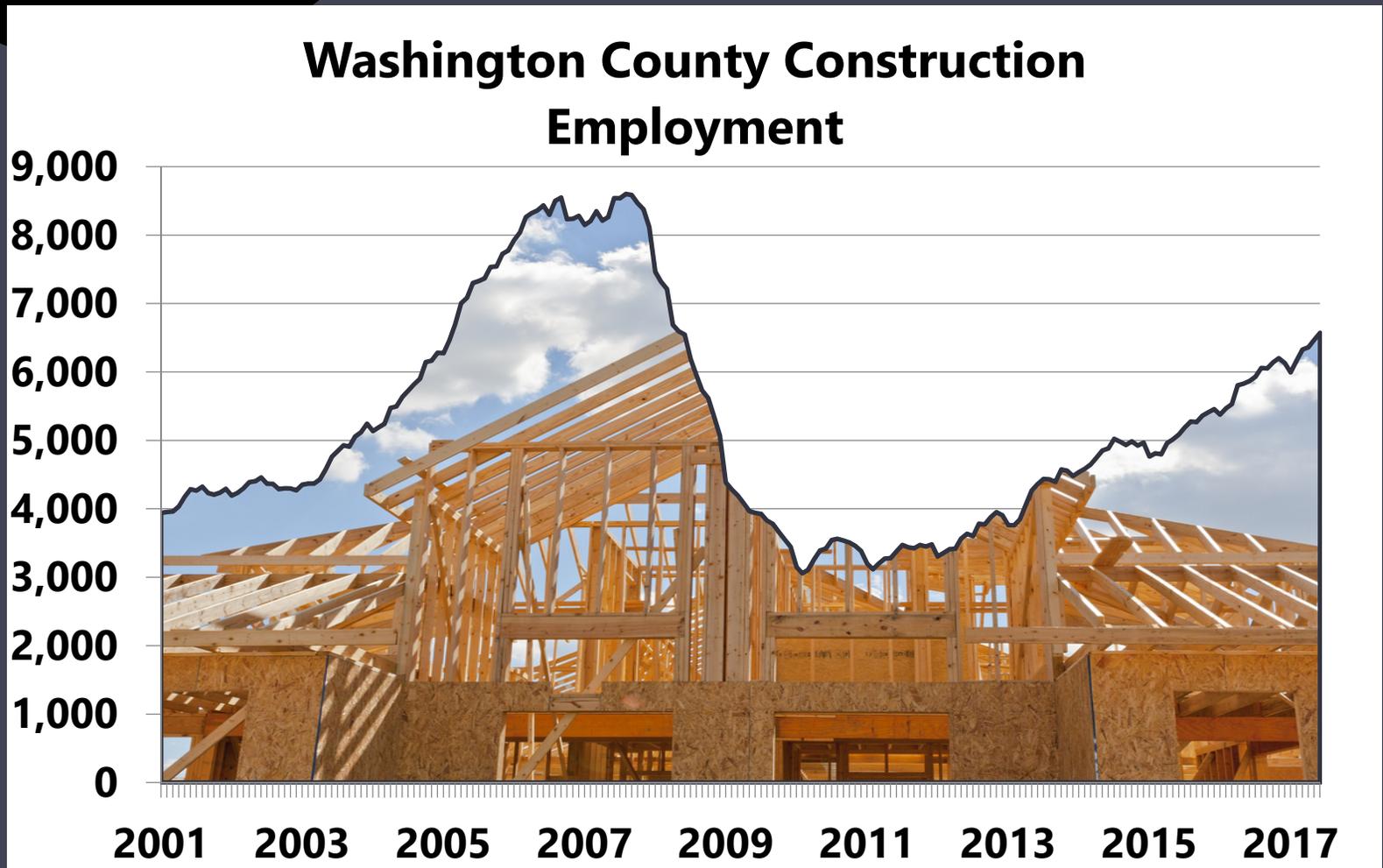
NOW

In 2017. . .

Home Permits = 3,100



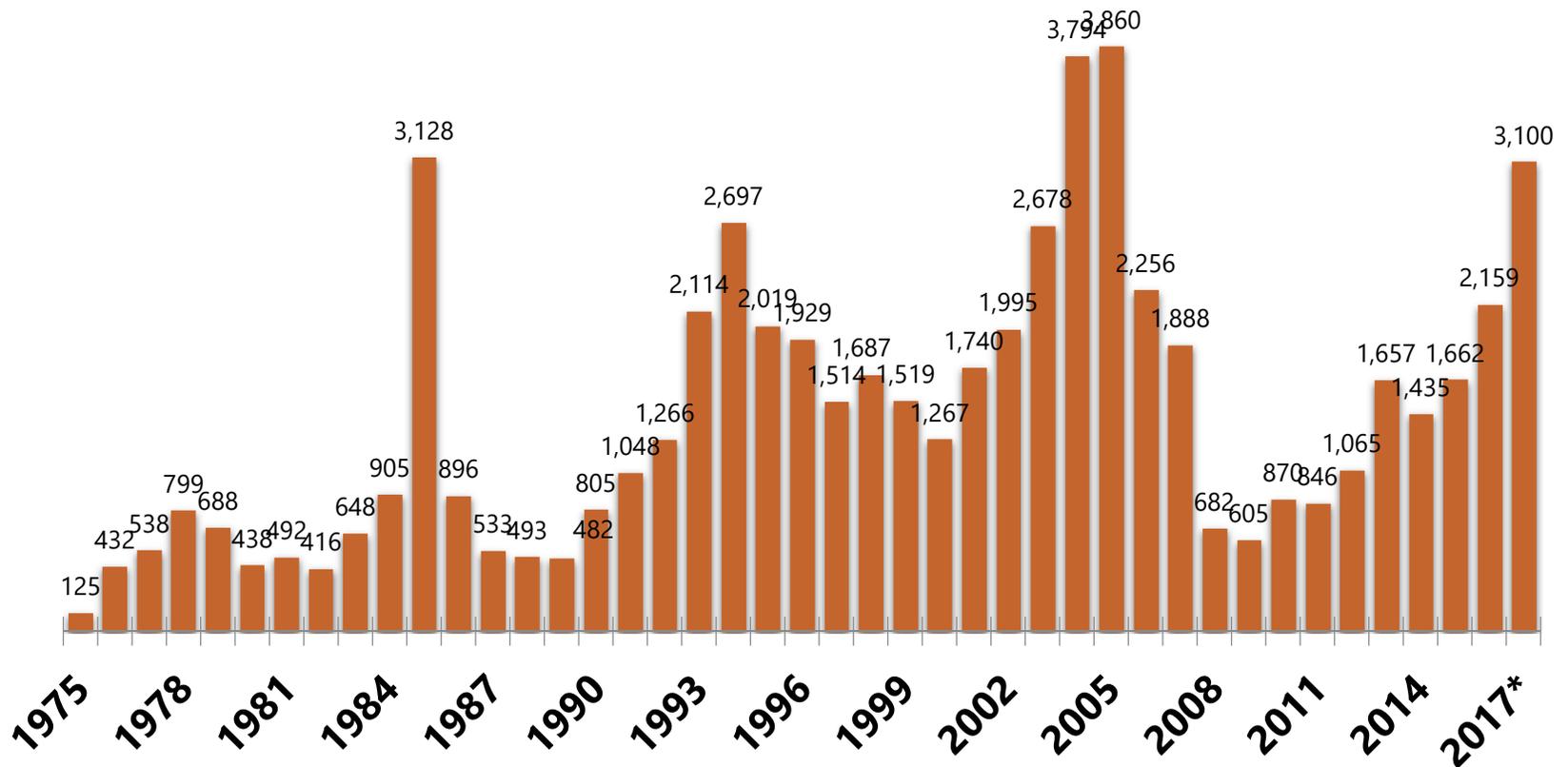
Employment



Source: Utah Department of Workforce Services.

Dwelling Units

Washington County Dwelling Unit Permits

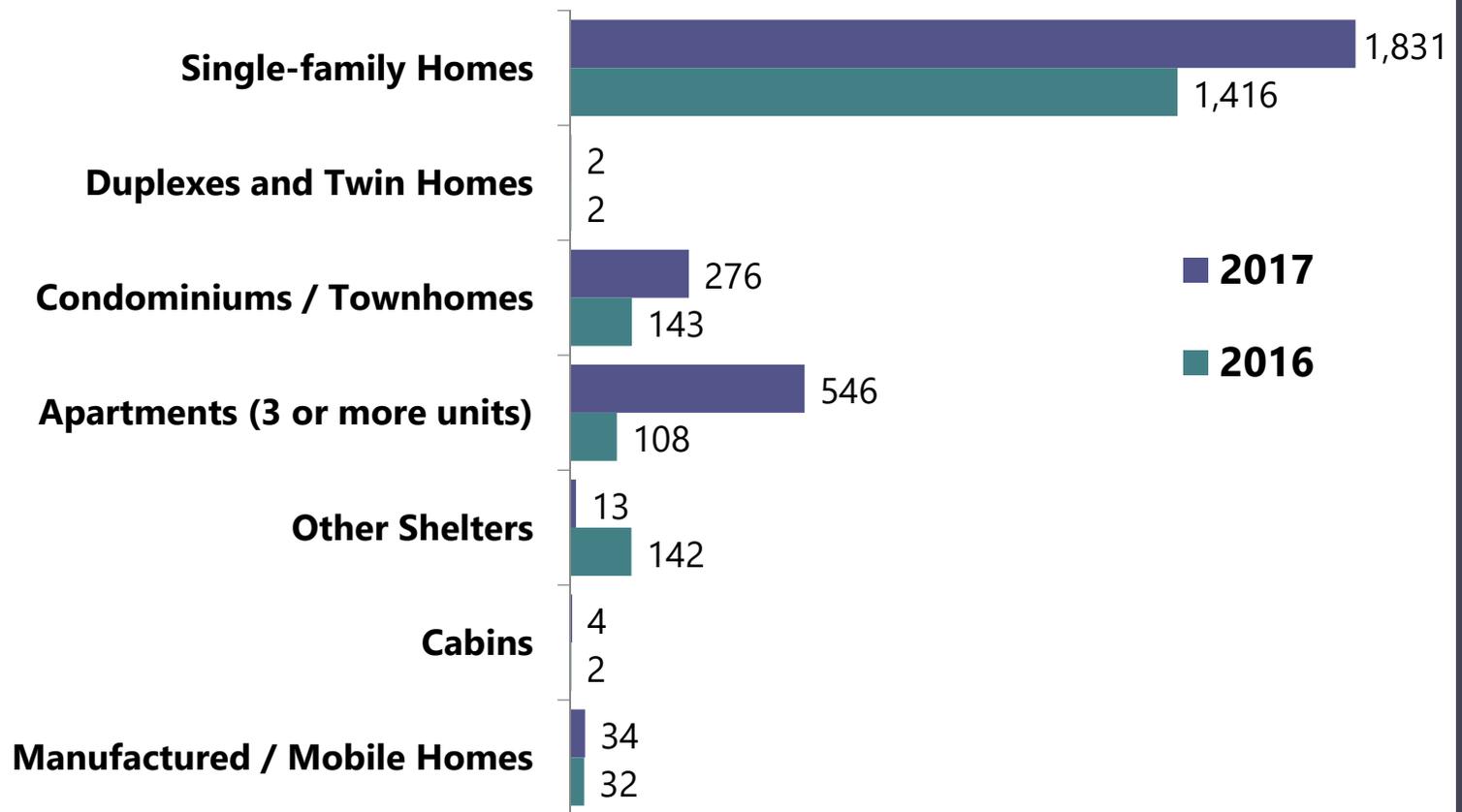


* Forecast

Source: Kem C Gardner Policy Institute.

What Kind?

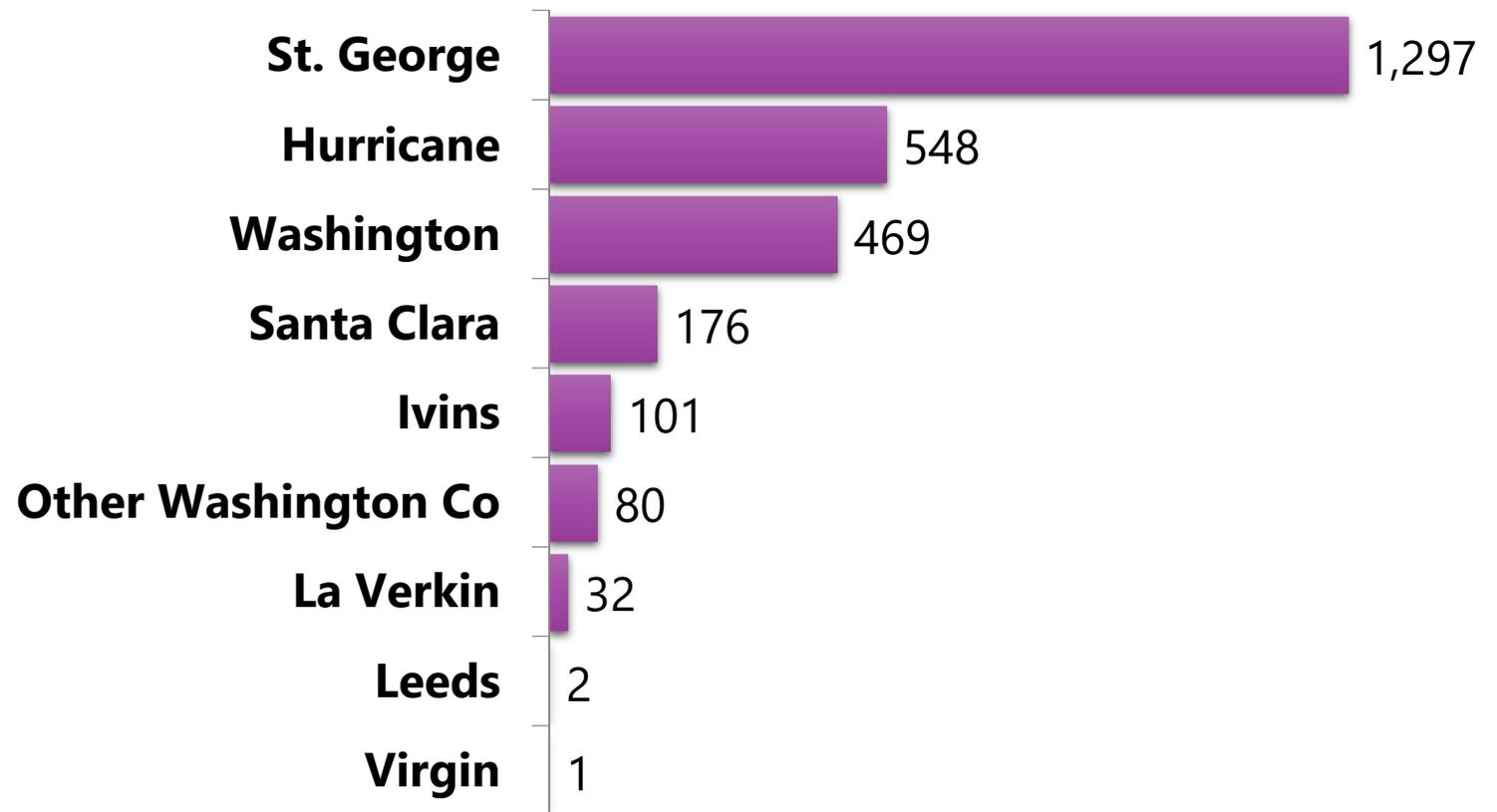
Washington County Dwelling Units by Type October YTD



Source: Kem C Gardner Policy Institute.

Where?

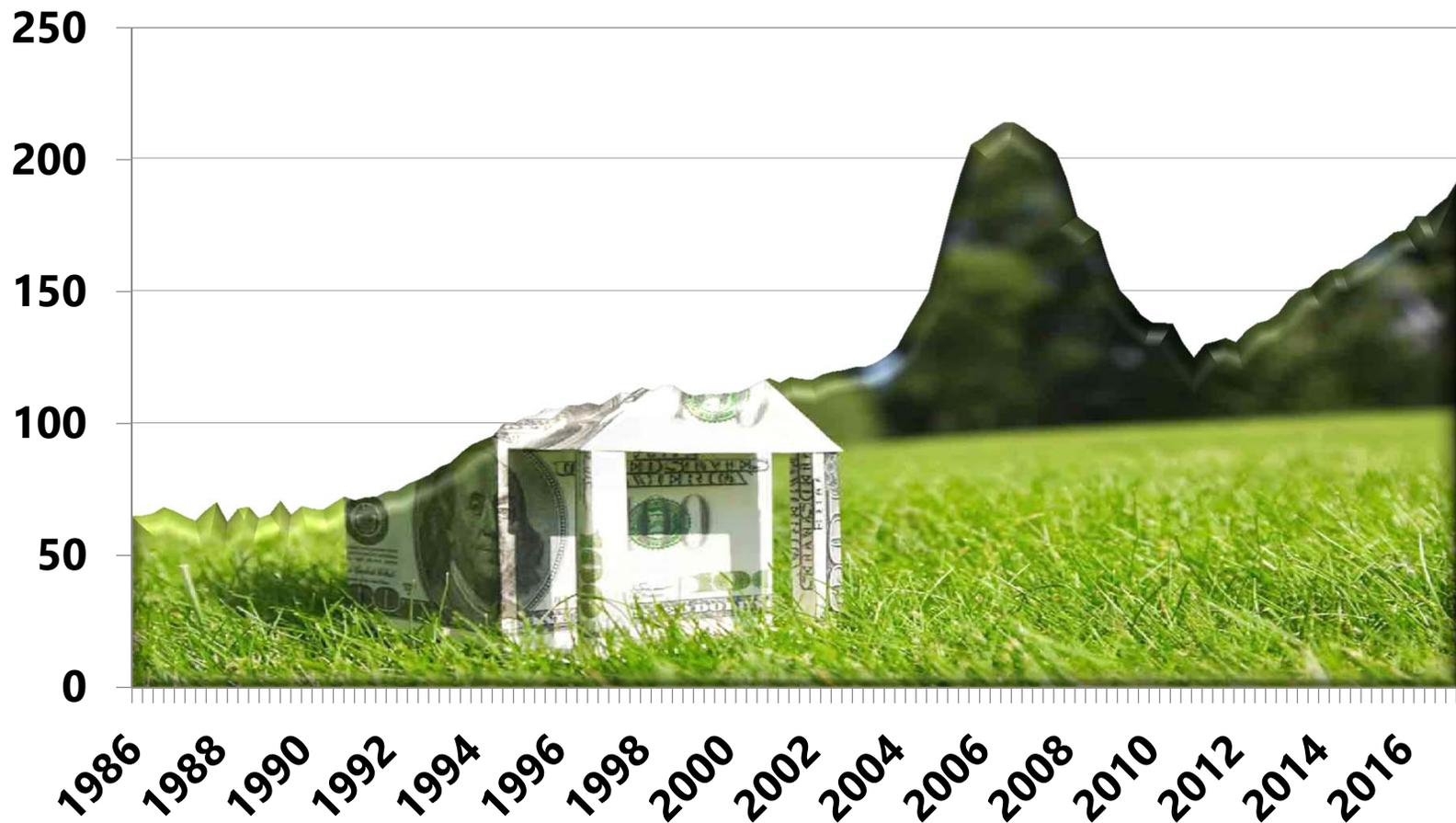
Washington County Dwelling Units by City YTD October 2017



Source: Kem C Gardner Policy Institute.

Price Index

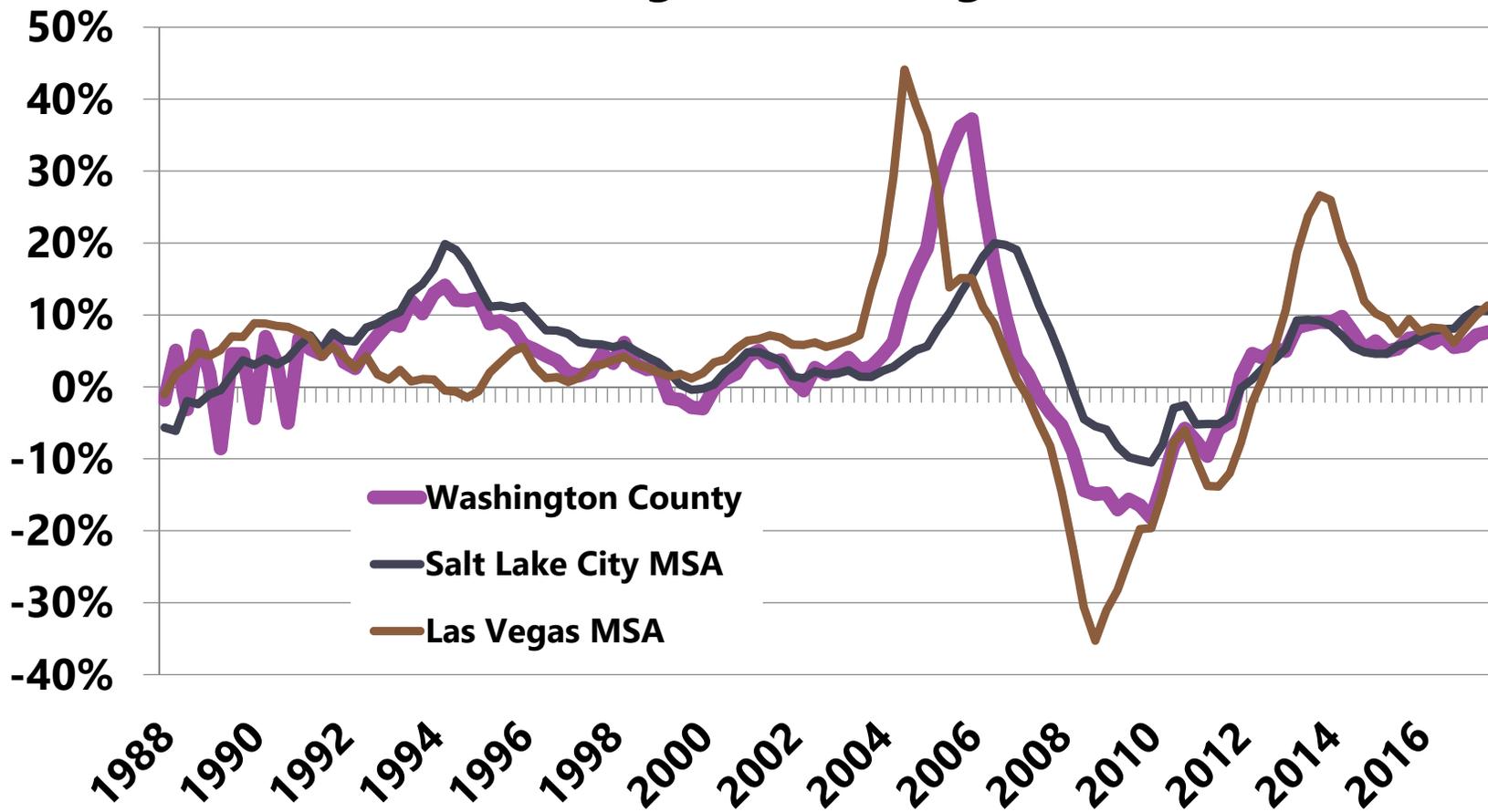
Washington County Housing Price Index



Source: Federal Housing Finance Agency.

Price Index

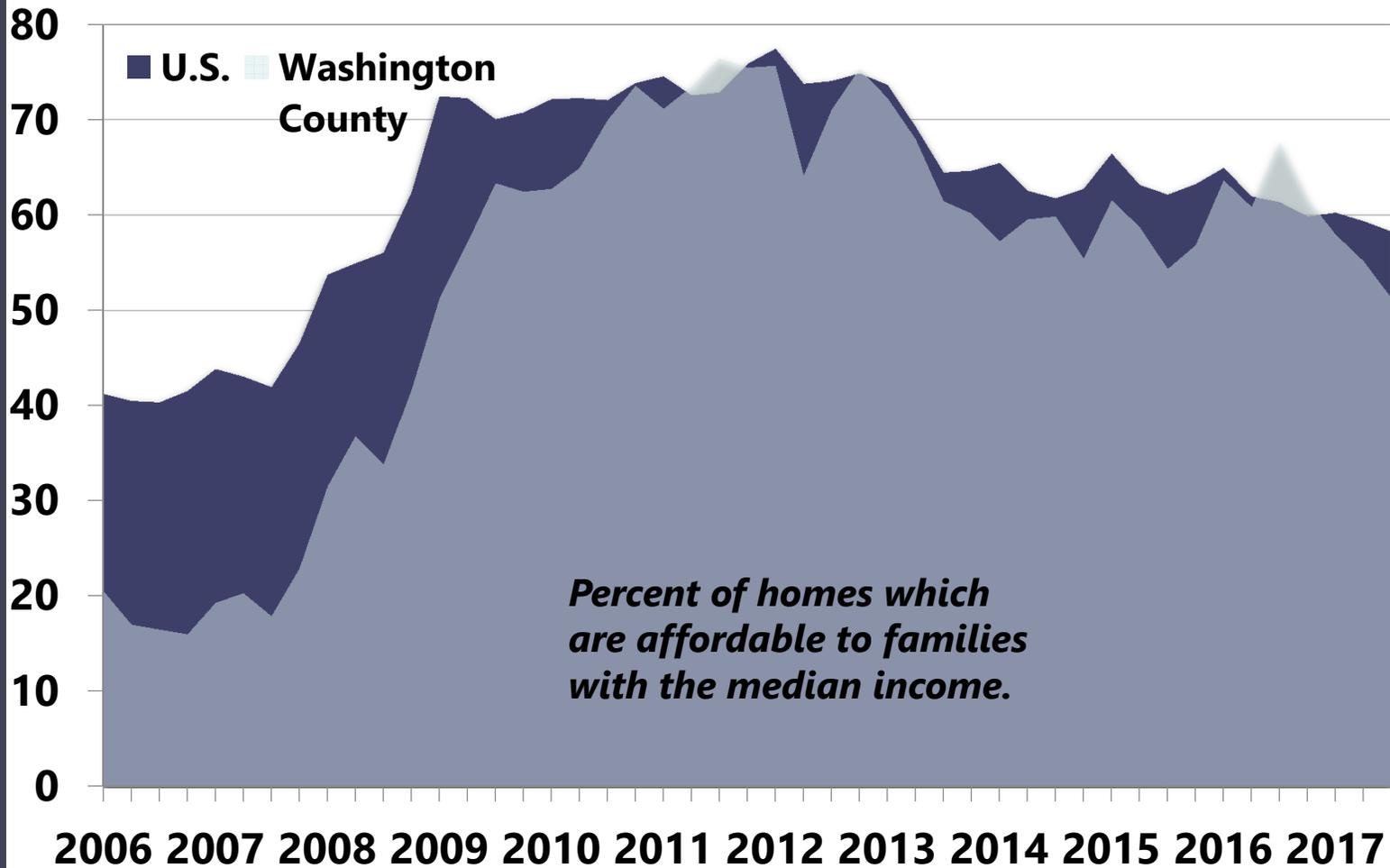
Year-Over Change in Housing Price Index



Source: Federal Housing Finance Agency.

Affordability

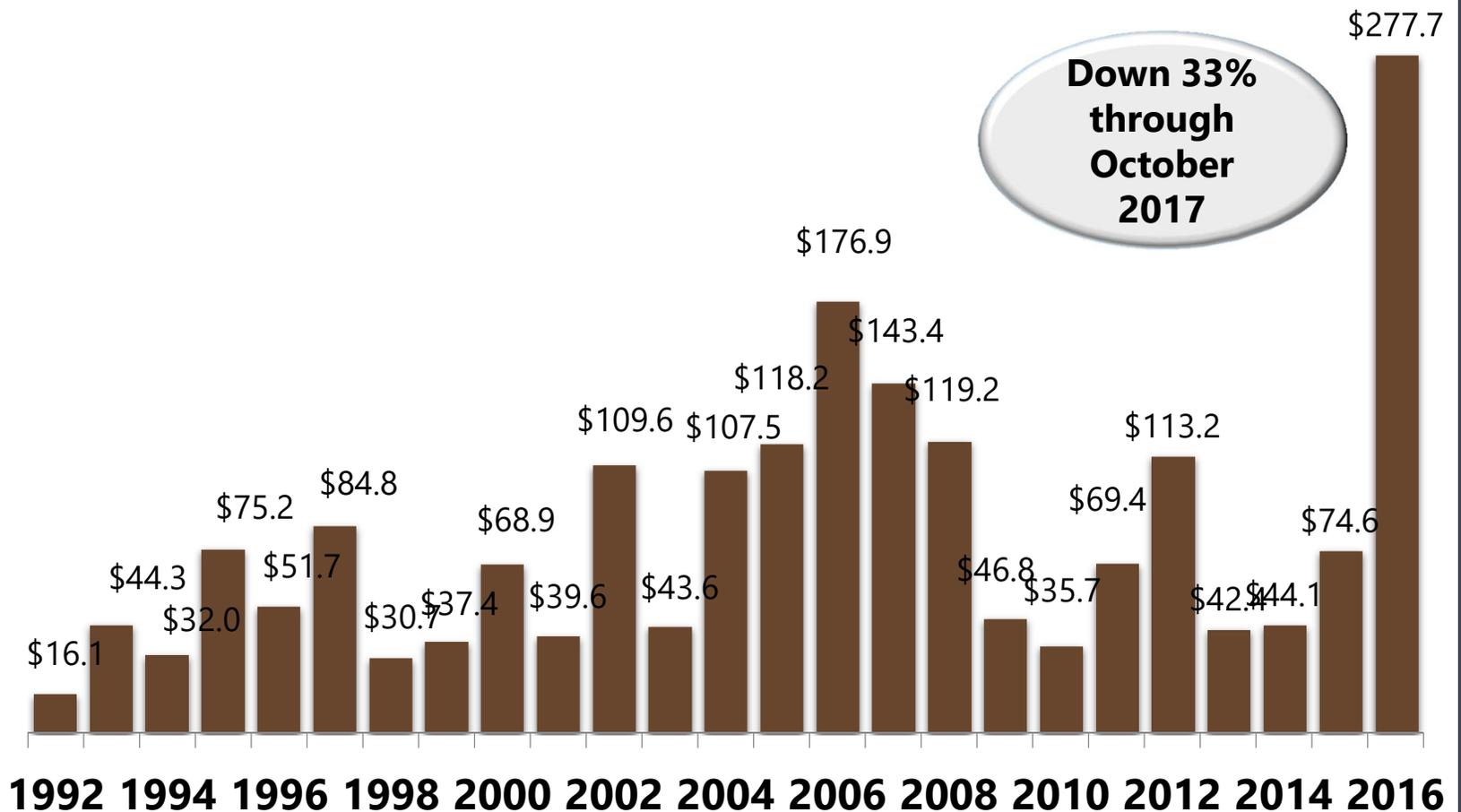
Housing Affordability Index



Source: Wells Fargo Bank; National Association of Homebuilders.

Nonresidential

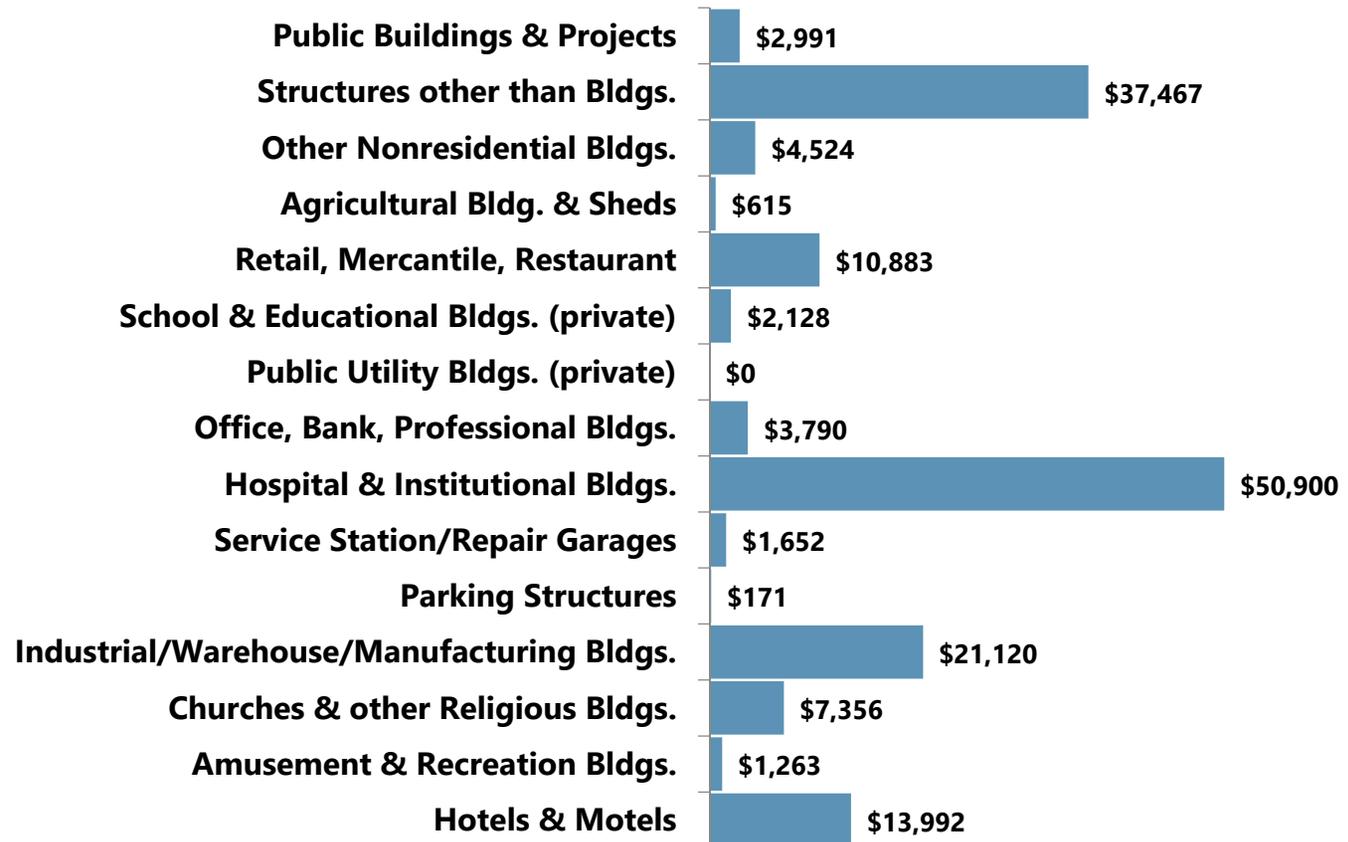
Washington County Nonresidential Permit Values



Source: Kem C Gardner Policy Institute.

Nonresidential

Washington County Permit Value 2017 YTD, \$000



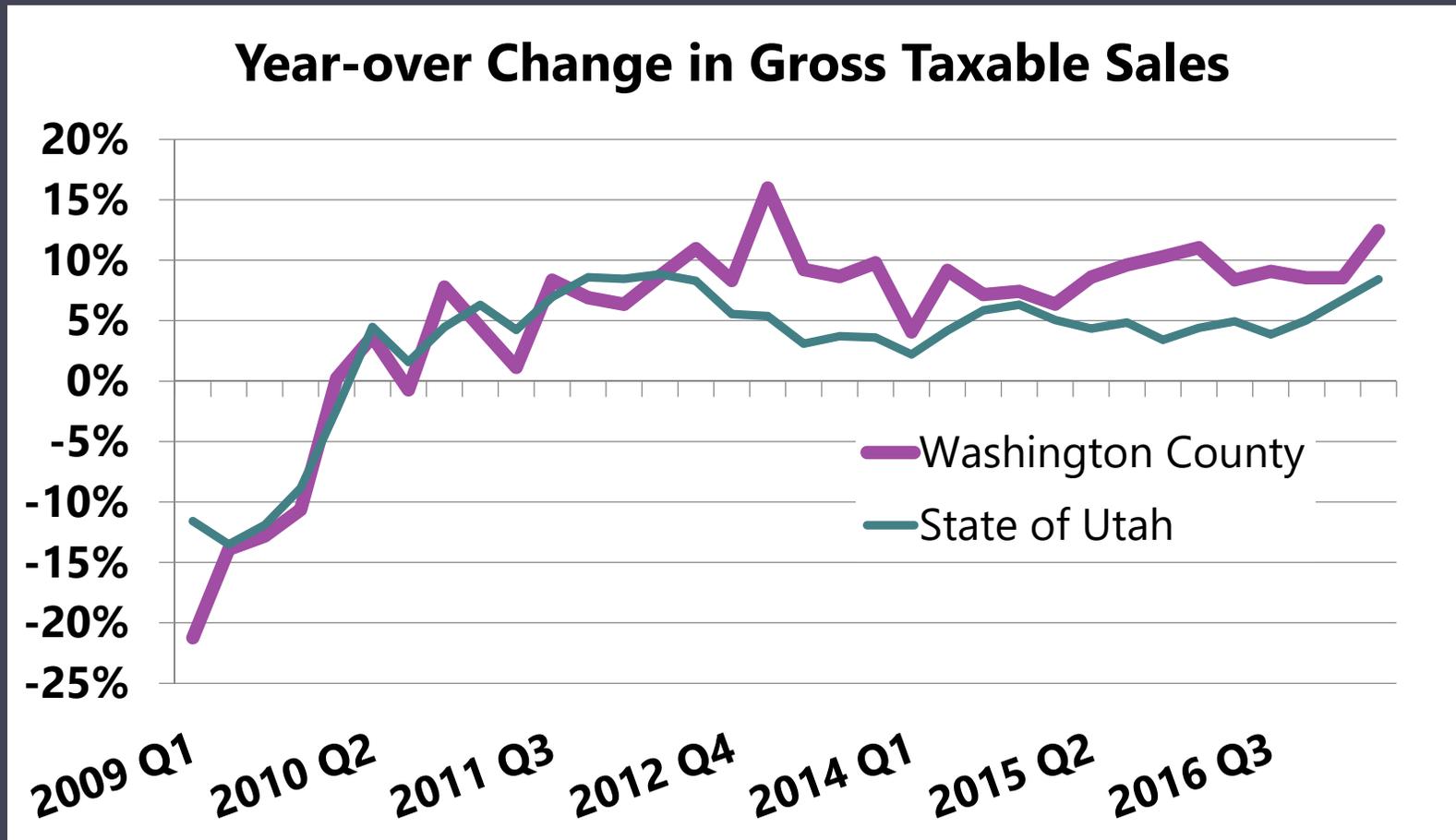
Source: Kem C Gardner Policy Institute.

SALES

**Most consistent
improvement| STRONG.**

Sales growth picking up

Gross Taxable Sales



Utah State Tax Commission.

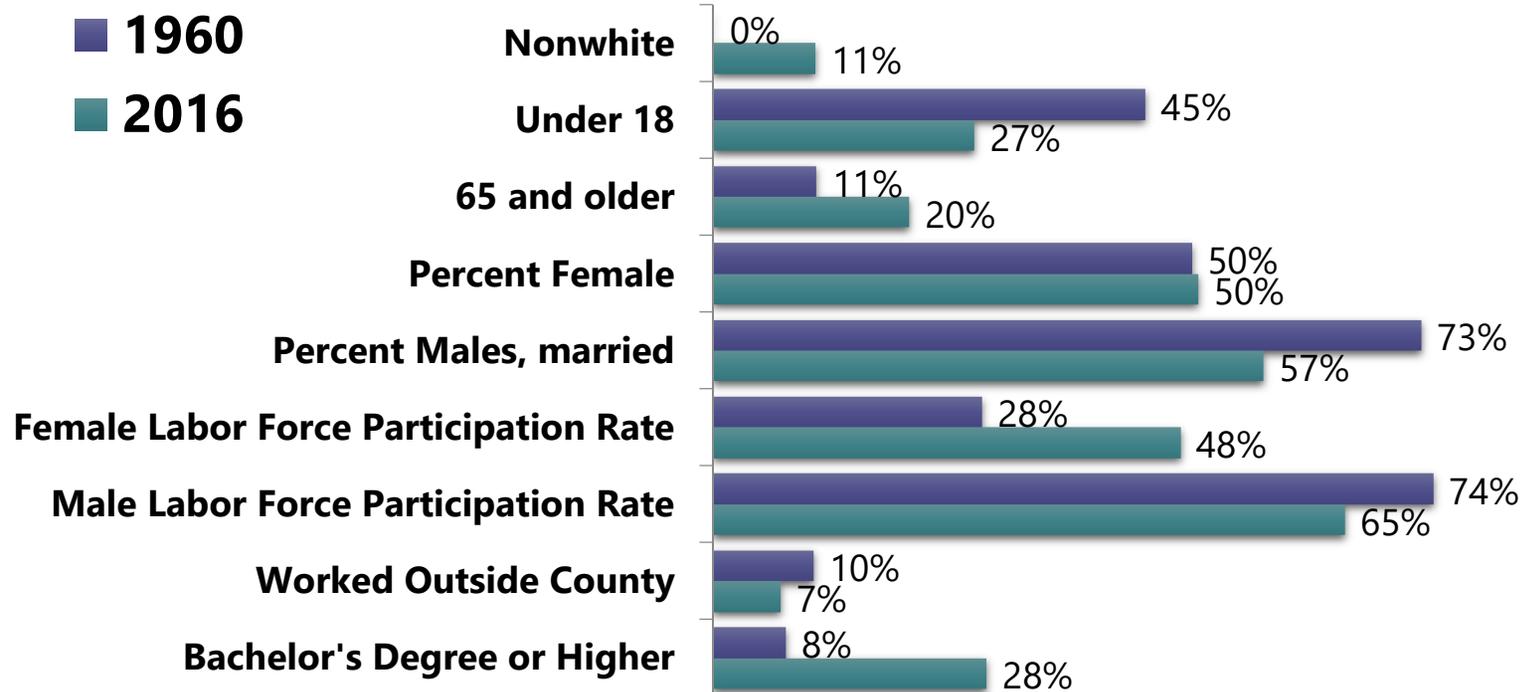
Demographics

Reflect social alterations| CHANGE.

Older, less likely to be married, women in the workforce

Then and Now

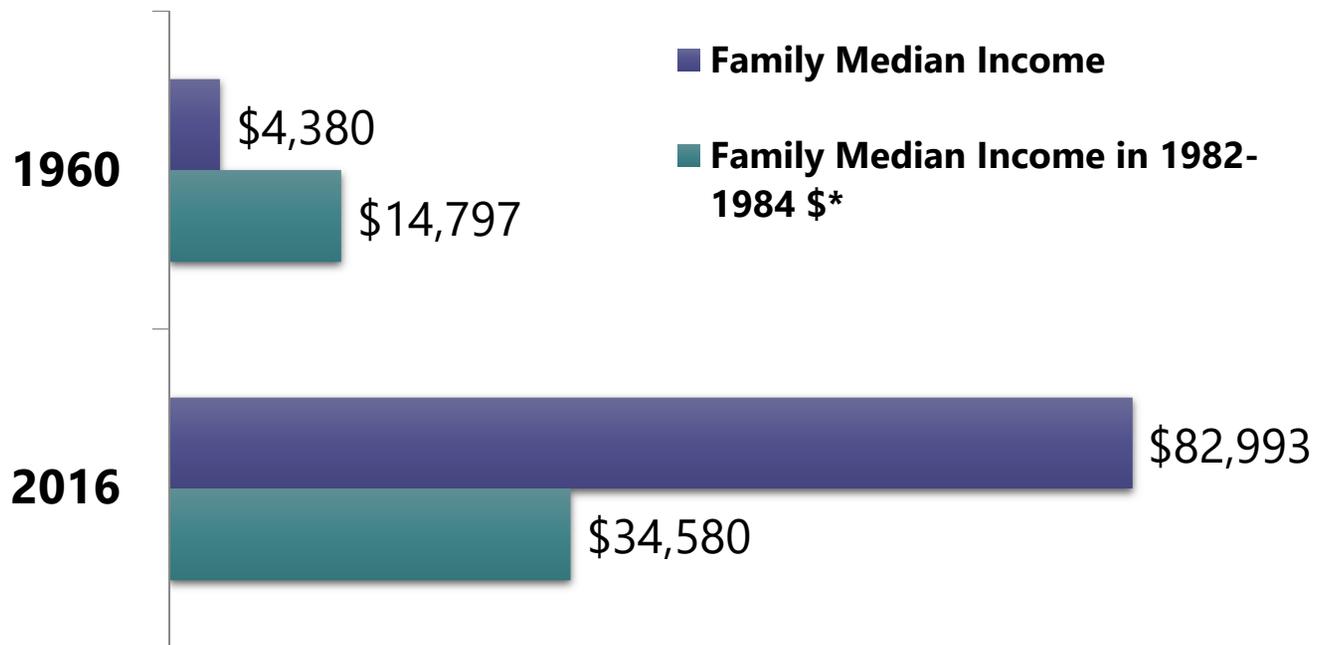
Washington County Comparative Demographics



Source: U.S. Census Bureau; 1960 Census; 2016 American Community Survey.

Then and Now

Washington County Median Family Income



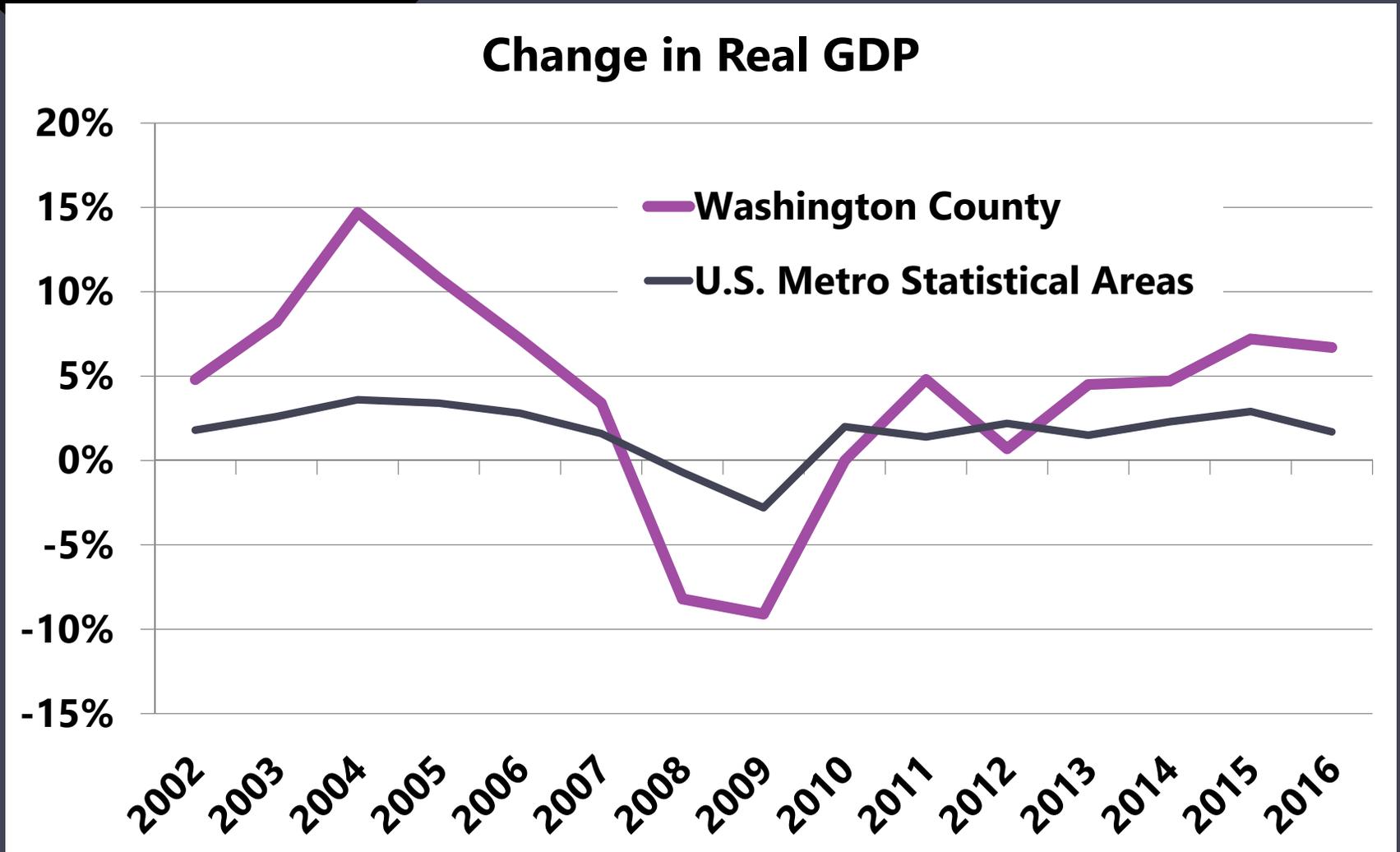
* Adjusted using 1982-84 Consumer Price Index for Urban Consumers.
Source: U.S. Census Bureau; 1960 Census; 2016 American Community Survey.

GDP

Gross Domestic Product performance is tied to workforce growth | Mathematics.

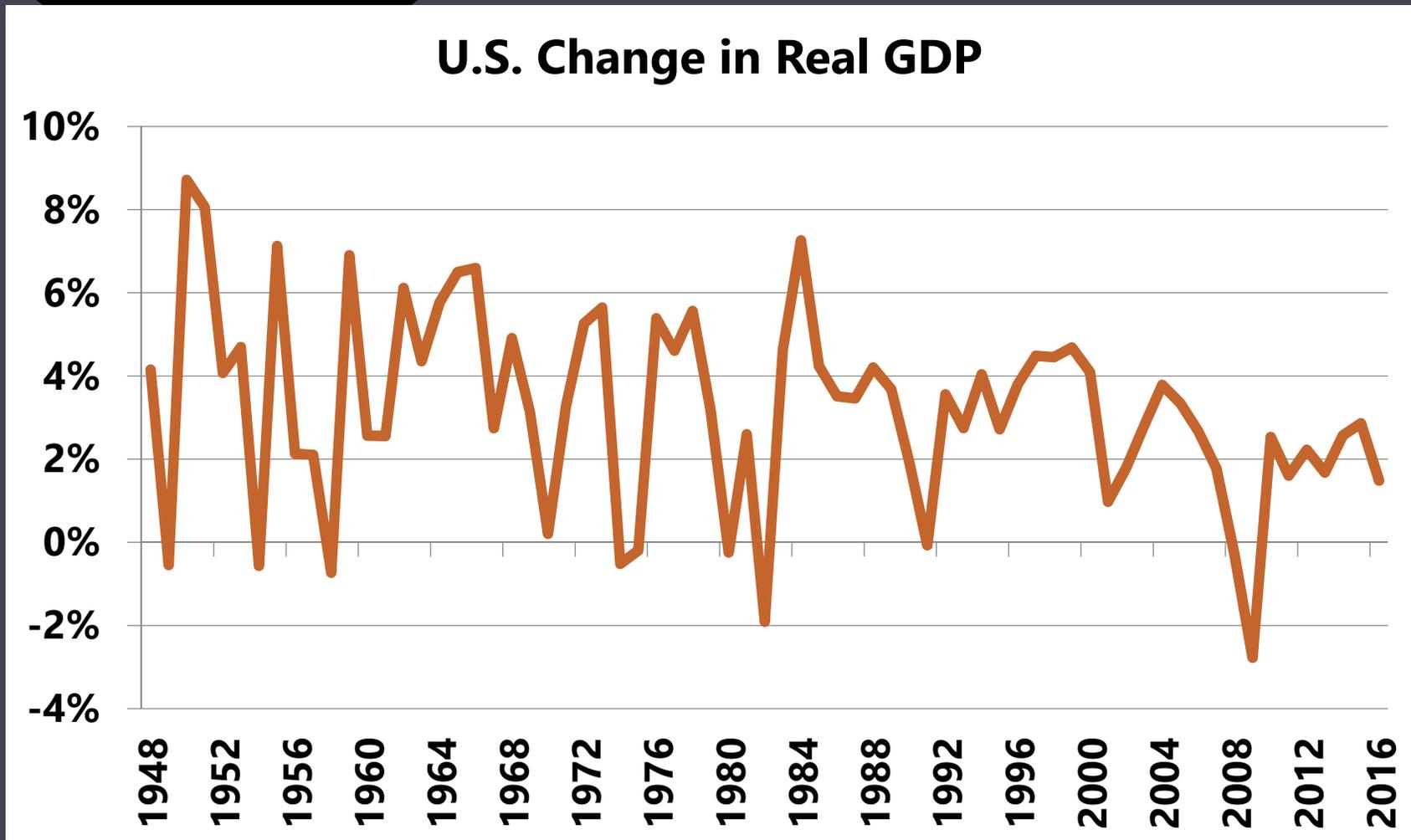
Increases in productivity needed to span the gap

Change



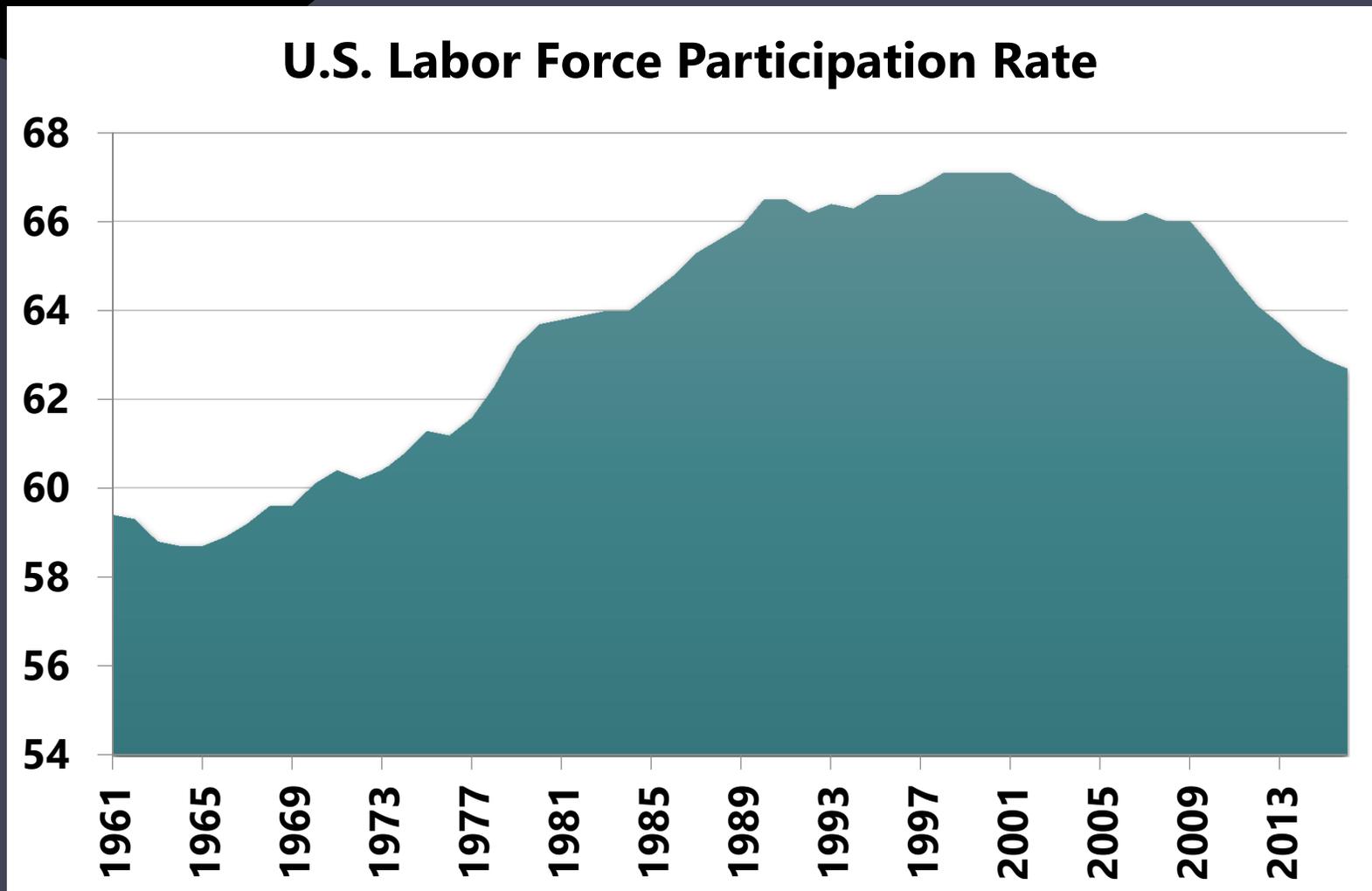
Source: U.S. Bureau of Economic Analysis.

Change



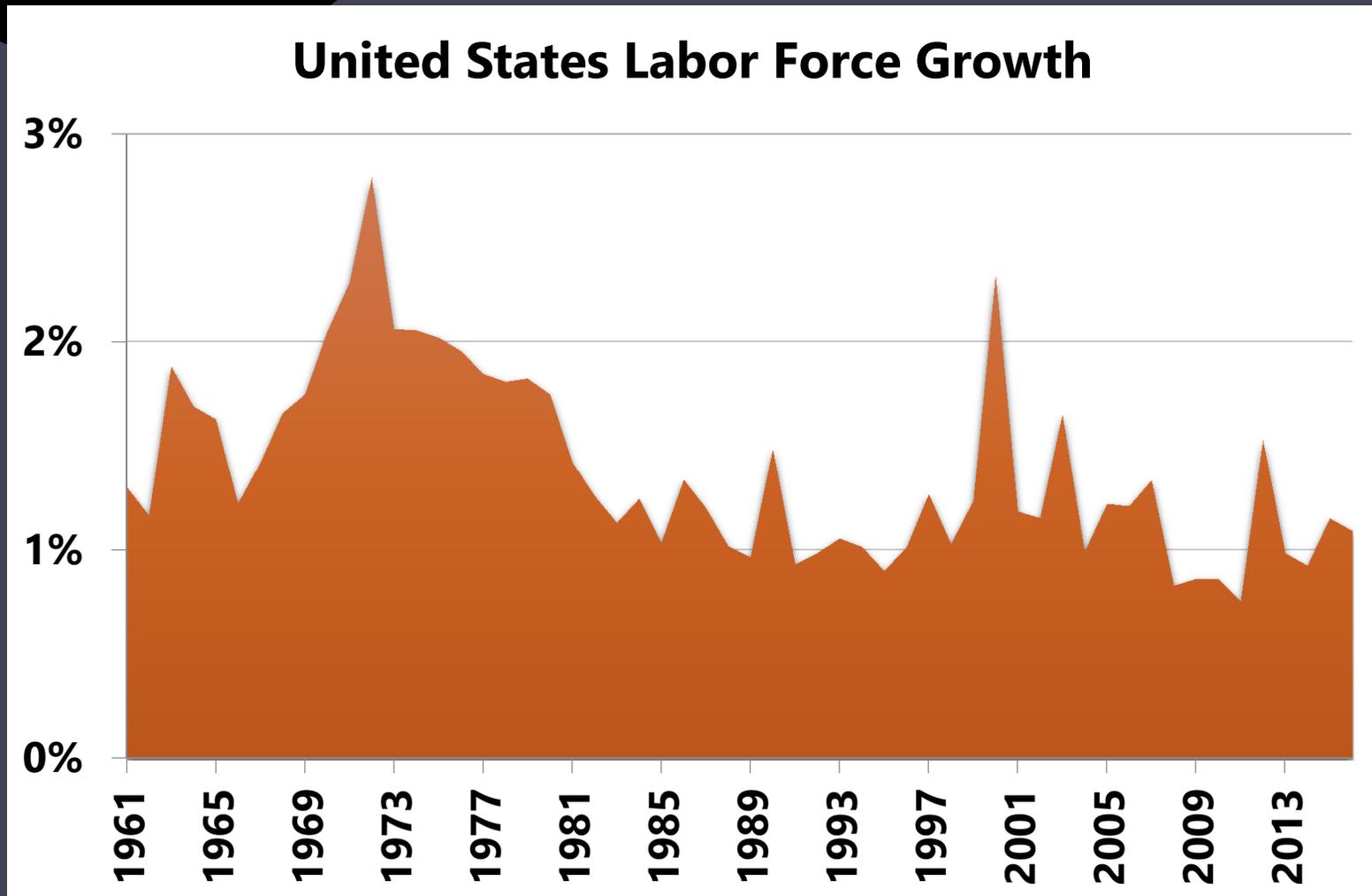
Source: U.S. Bureau of Economic Analysis.

Labor Force Participation



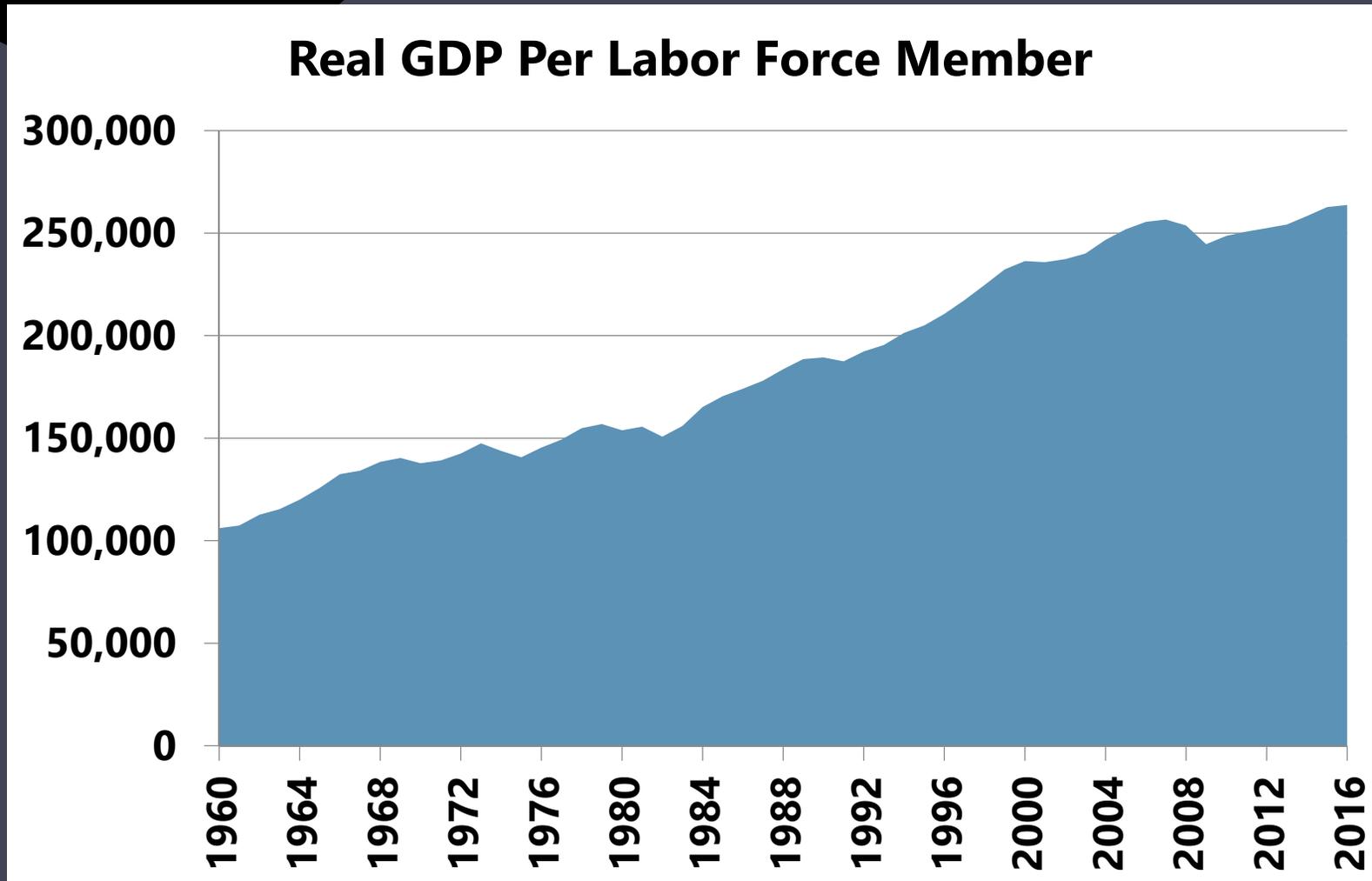
Source: U.S. Bureau of Labor Statistics.

Labor Force Change



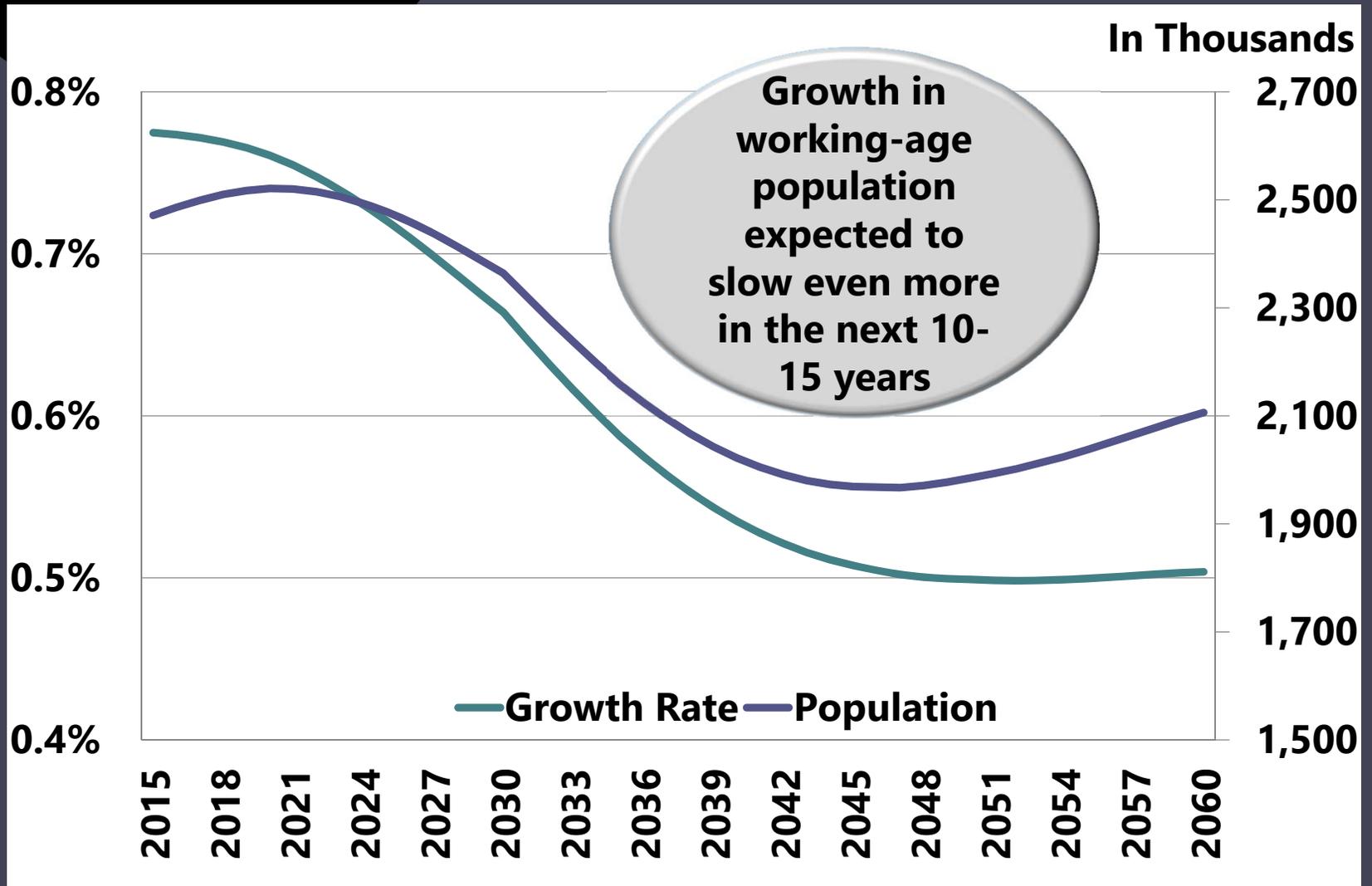
Source: U.S. Bureau of Labor Statistics.

The Producers



Source: U.S. Bureau of Economic Analysis; St. Louis Federal Reserve Bank

The Producers



Source: U.S. Census Bureau.



“The Federal Reserve's objectives of maximum employment and price stability do not, by themselves, ensure a strong pace of economic growth or an improvement in living standards. The most important factor determining living standards is productivity growth, defined as increases in how much can be produced in an hour of work.”

—JANET YELLEN

AHEAD

**Watch the job
growth rates| ATTENTION.**

U.S. year-to-year job growth below 1 percent may signal the beginning of a recession.

1

U.S. job growth rate
has been trending
downward since early
2015

WATCH

Will job growth continue to slow
or pick up?





2

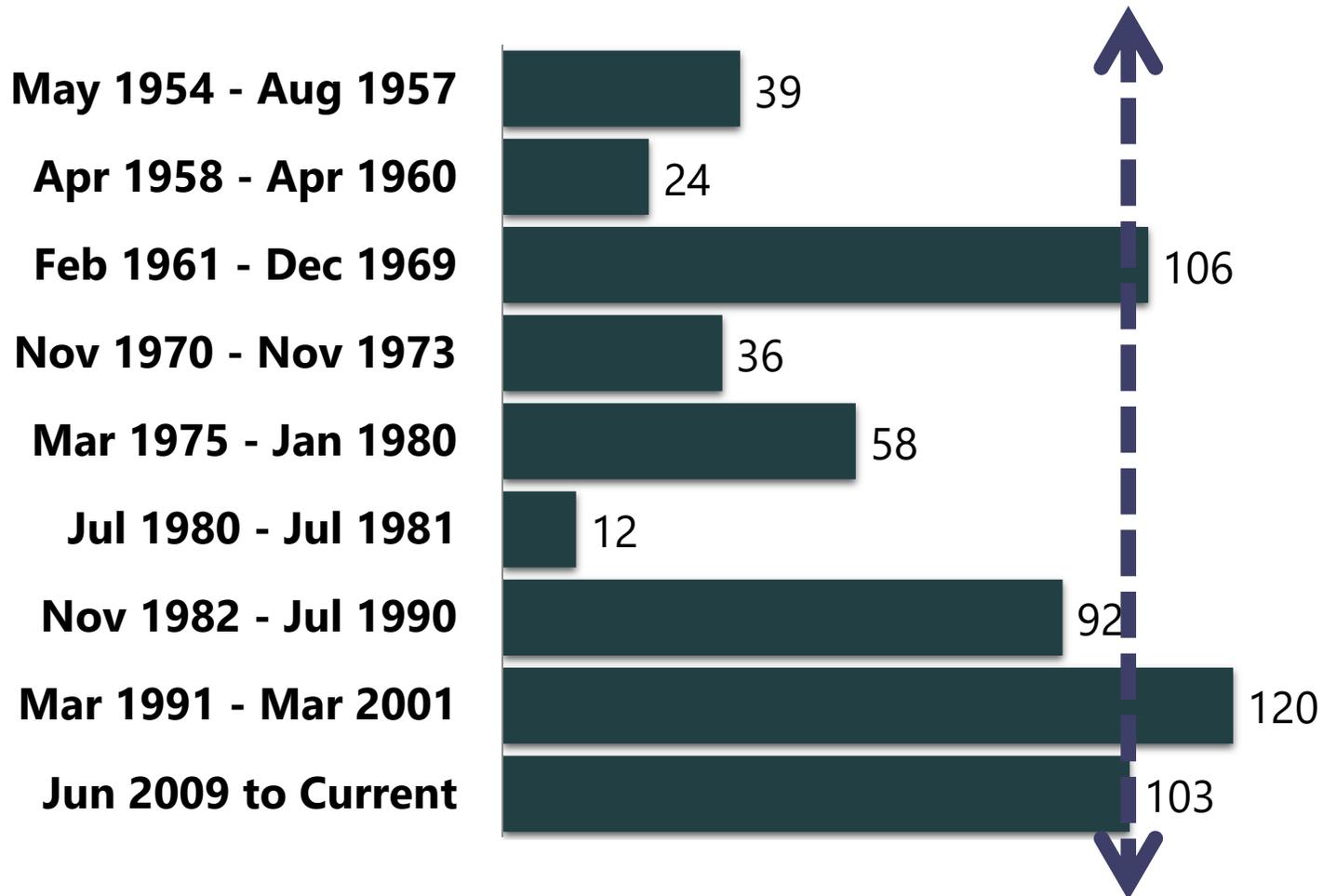
Expansion is currently at 103 months;
Longest U.S. expansion = 120 months

WATCH

The longer the expansion, the greater the likelihood of a downturn

The Expansion

U.S. Expansionary Periods in Months



Source: National Bureau of Economic Research.

3

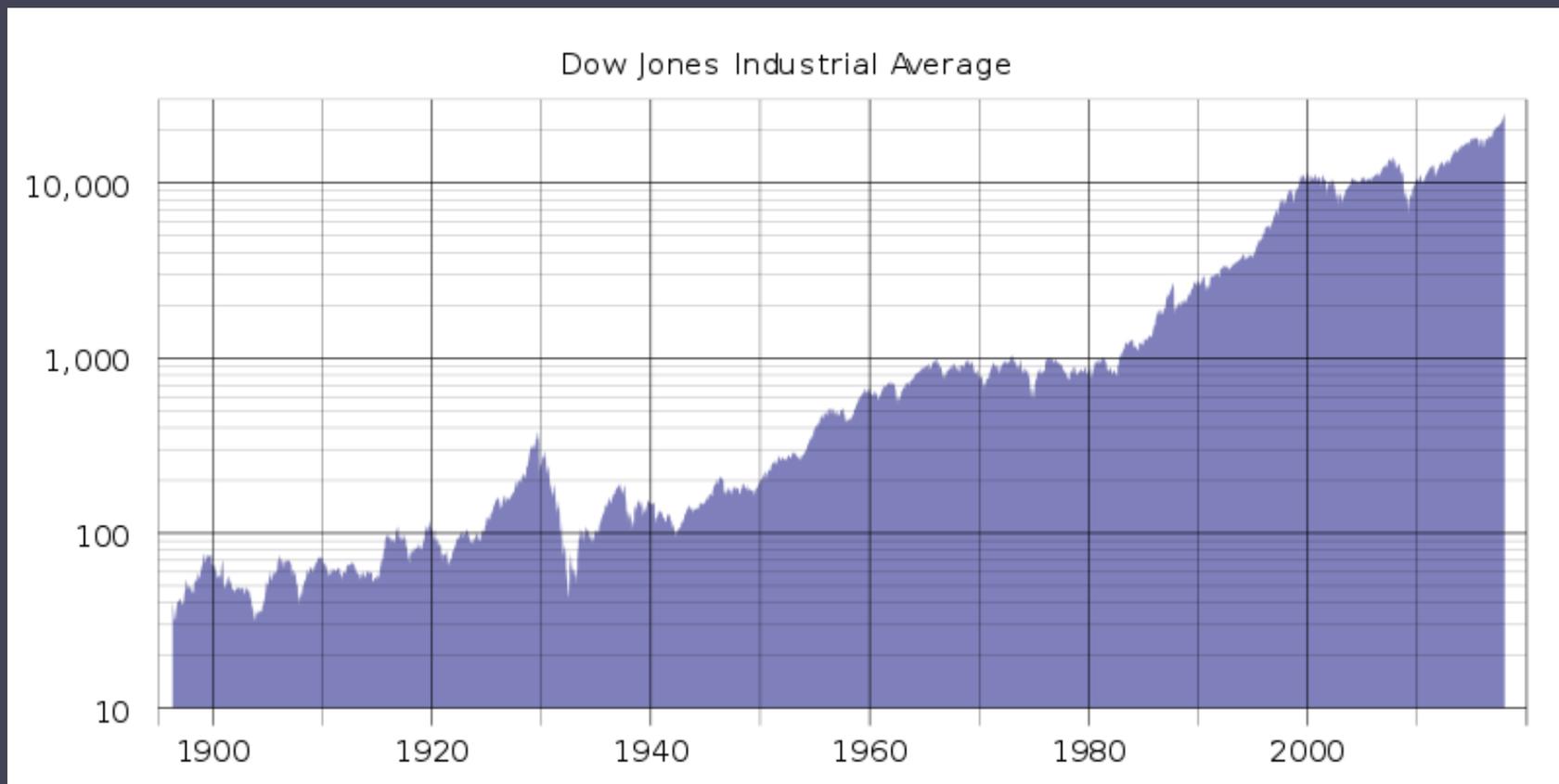
Price/Earnings ratios suggest the Stock Market is overvalued

WATCH

Stock market values can be largely based on expectations.



Record Highs



Irrational Exuberance?

Shiller Cyclically Adjusted S&P 500 Price to Earnings Ratio



4

About that tax bill. . .

WATCH

Does the economy need more fuel? Might the timing be accidentally providential?



5

Politicians
≠
Economists

WATCH

Get your economics from
knowledgeable sources





“An economist is an expert who will know tomorrow why the things he predicted yesterday didn't happen.”

—LAURENCE J PETER

jobs.utah.gov/wi

Employment Update
Review Utah's current employment and unemployment.

- [Employment Growth by County](#)
- [Unemployment by County](#)
- [Employment By Industry](#)
- [Current Press Release](#)

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- [Firm Level](#)
- [Other Data](#)

Unemployment Rate

Year	U.S.	Utah
2006	4.1%	3.3%
2007	4.1%	3.3%
2008	4.1%	3.3%
2009	4.1%	3.3%
2010	4.1%	3.3%
2011	4.1%	3.3%
2012	4.1%	3.3%
2013	4.1%	3.3%
2014	4.1%	3.3%
2015	4.1%	3.3%
2016	4.1%	3.3%
2017	4.1%	3.3%

October 2017

	Unemployment Rate	Payroll Job Change
State of Utah	3.3%	2.7%
United States	4.1%	1.4%

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Don't sweat the monthly data. Watch the trends.



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