



# Economics Group

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## Utah Continues to Grow for All the Right Reasons

*Hiring took a breather in February, with nonfarm payrolls adding just 400 jobs. Private sector employment is up 3.1% over the past year, however, with gains evident in every key industry.*

### The Beehive State is Buzzing

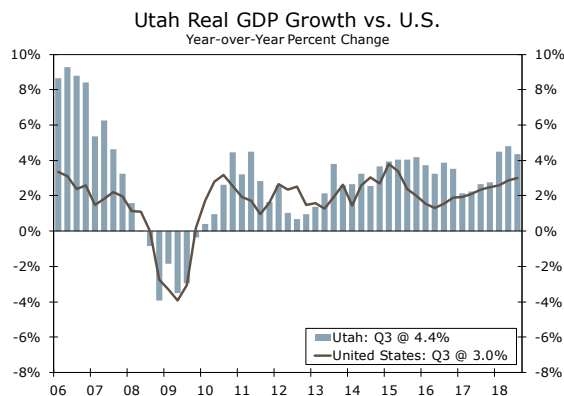
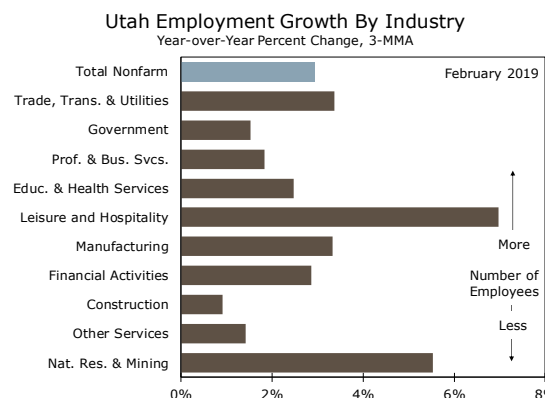
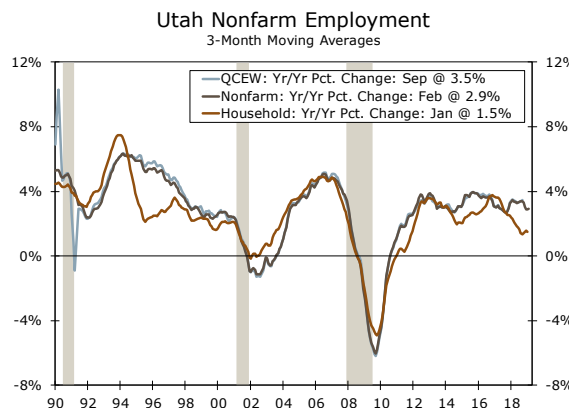
Utah’s economy continues to grow for all the right reasons. The Beehive State consistently ranks as one of the fastest growing economies in the country and enjoys one of the lowest unemployment rates. The state’s economy is one of the most diverse, and population and employment growth typically are among the strongest in country. Business, labor and government work well together in Utah, which consistently ranks as one of the best states to do business. Utah also has a large and growing presence in some of the most rapidly growing parts of the tech sector, including cloud computing, big data and software development, as well as aerospace and life sciences.

Utah’s inherent strengths are evident in the most recent economic data for the state. Real GDP grew at a 4.4% annual rate during the third quarter of 2018, which is the latest quarter available, and is up by a like amount over the past year. Nonfarm employment has increased 2.8% over the past year, with solid gains evident across every major industry category. The unemployment rate remained at 3.1% in February and has been hovering around that level for the past two years.

Government is a one of the largest employers in the state, and the federal government shutdown may have influenced hiring trends at the start of this year. While nonfarm employment rose modestly on a seasonally adjusted basis in February, adding just 400 jobs, the gain followed a 5,900-job increase the prior month. Harsh winter weather may have also slowed construction activity during the month, although it has been great for the area’s ski resorts and the leisure & hospitality sector.

Utah’s growing population and highly educated workforce remain valuable assets. In 2018, Utah had the third fastest growing population in the country, driven by both a rapid in-migration and a high birth rate. Rapid population growth has bolstered the state’s labor force, which grew 2.3% over the past year. The state’s fast growing labor force has been the driving force behind the state’s consistently strong real GDP growth, as labor force growth and productivity are the two key building blocks for economic growth.

For the third consecutive quarter in Q3-2018, Utah ranked as the second fastest growing state in the country in terms of real GDP, which expanded 4.4% on a year-over-year basis. The three-quarter string of GDP growth in excess of 4% confirms the exceptionally strong employment growth seen throughout the year. The state’s burgeoning tech sector is driving much of the state’s success, helped by its deep talent pool and relative affordability compared with other growing tech hubs. Proximity to other Western tech centers, the region’s large and growing talented workforce and lower real estate costs have spurred development of the “Silicon Slopes” cloud computing cluster and the “Bionic Valley” bioengineering epicenter around Salt Lake City. Exports surged 24% in 2018, the third fastest growth of any state and reversing declines the prior two years.



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