



# Economics Group

**Mark Vitner, Senior Economist**  
[mark.vitner@wellsfargo.com](mailto:mark.vitner@wellsfargo.com) • (704) 410-3277  
**Charles Dougherty, Economist**  
[charles.dougherty@wellsfargo.com](mailto:charles.dougherty@wellsfargo.com) • (704) 410-6542  
**Nicole Cervi, Economic Analyst**  
[nicole.cervi@wellsfargo.com](mailto:nicole.cervi@wellsfargo.com) • (704) 410-3059

## Utah's Economy Remains at the Head of the Class

*Employers added 14,100 jobs across Utah in November and employment is now just 8,000 jobs below its February, pre-pandemic peak. The unemployment rate rose 0.2 percentage points but remains low at just 4.3%.*

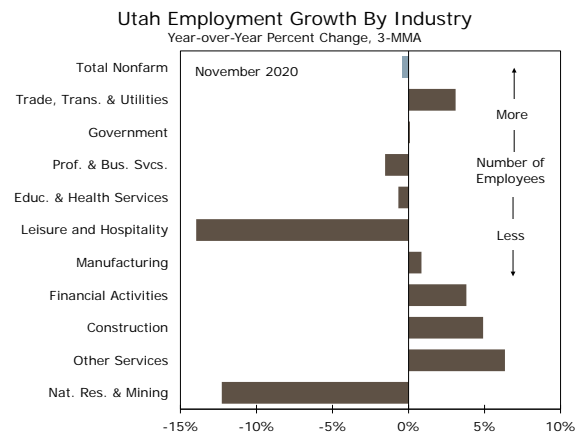
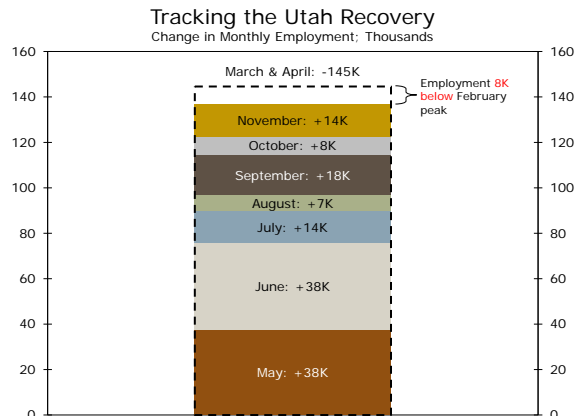
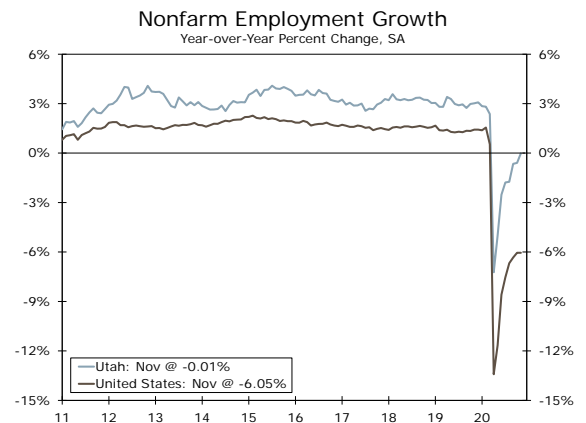
### Utah's Economy Remains Top Notch

Utah's economy has recovered well ahead of most other states and is poised to build on those gains in the coming year. Utah consistently ranks near the top of various rankings of the best places to do business, live and visit. Businesses have been relocating to the Beehive state for quite some time and the pace has picked up recently. Moreover, tech workers and other professionals with a love of the outdoors and the ability to work remotely have found their way to Utah. Overall employment has nearly recovered and five of the 10 major industry categories are now up year-over-year.

While Utah's economy has recovered much sooner than other states, the impact of COVID is still apparent throughout the state. COVID cases spiked in Utah this fall, much as they have in other parts of the country. The surge really began to gain momentum in October and appears to have peaked, with a seven-day moving average of 3,377 new cases, about a week before Thanksgiving. As in most other states, the impact from COVID has been felt most acutely in high-contact parts of the economy, such as restaurants, bars, hotels and entertainment venues. Output in the mining sector has also fallen sharply, reflecting some pullback in the energy sector. The state's motion picture business has also slowed, as production has consolidated in fewer locations. Construction, financial services and wholesale trade & logistics remain notable bright spots. The tech sector is also growing solidly.

The resurgence in COVID cases across the country will likely cause job growth to moderate somewhat in coming months. Utah should continue to outperform the nation, however. While tourism is clearly important, most of the state's major attractions are outdoors, which makes social distancing much easier. The five National Parks located in the state did a brisk business this summer and the ski season looks promising. Conventions and business travel, however, will not likely bounce back until 2022.

Economic growth should continue to strengthen in the coming years. Hiring might moderate over the next couple of months, as consumers cut back on travel and going out, marking another setback for the hard-hit leisure & hospitality sector. While the ski season may provide some relief, we do not think travel will come back in a major way until vaccinations shift into high gear. So, the summer and fall should be better. Even with a bit of a slow start to 2021, we expect nonfarm employment to surge 4.7% for the year and look for 3.7% job growth in 2022. With hiring ramping up, the state's already low unemployment rate will fall even further, although the decline will be slowed somewhat by stronger labor force growth. Overall growth should remain quite strong, with gains in manufacturing, construction and some stability in the mining sector helping drive economic activity. We see Utah's real GDP 5.4% higher in 2021 and 4.0% higher in 2022.



**Utah Economic Outlook**

	Actual			Forecast		
	2017	2018	2019	2020	2021	2022
Real Gross Domestic Product by State, \$ Millions	153,986	162,574	168,793	166,520	175,512	182,533
Annual Rate	4.4%	5.6%	3.8%	-1.3%	5.4%	4.0%
Nominal Personal Income, \$ Millions	136,997	148,241	156,896	168,080	171,442	178,299
Percent Change	6.3%	8.2%	5.8%	7.1%	2.0%	4.0%
Median Household Income, Year-End \$	72,785	78,463	84,523	90,609	84,500	86,100
Percent Change	1.5%	7.8%	7.7%	7.2%	-6.7%	1.9%
Population, Thousands	3,101	3,154	3,206	3,268	3,328	3,386
Change in Thousands	59	53	52	62	60	58
Percent Change	1.9%	1.7%	1.7%	1.9%	1.8%	1.7%
Nonfarm Employment, Thousands	1,468	1,516	1,561	1,547	1,620	1,680
Change in Thousands	42	48	45	-14	73	60
Percent Change	3.0%	3.3%	3.0%	-0.9%	4.7%	3.7%
Unemployment Rate, Annual Average	3.3%	3.1%	2.6%	4.6%	4.0%	3.3%
Total Housing Permits	24,386	26,232	28,056	29,600	32,000	34,000
Single-Family Permits	17,735	18,851	17,391	20,750	22,800	24,500
Multi-Family Permits	6,651	7,381	10,665	8,850	9,200	9,500
FHFA Home Price Index, Percent Change	8.9%	9.4%	7.4%	6.7%	7.4%	7.6%

Forecast as of: December 18, 2020

Source: National Association of Realtors, Federal Housing Finance Authority, U.S. Department of Commerce, U.S. Department of Labor and Wells Fargo Securities

## Wells Fargo Securities Economics Group

Jay H. Bryson, Ph.D.	Chief Economist	(704) 410-3274	jay.bryson@wellsfargo.com
Mark Vitner	Senior Economist	(704) 410-3277	mark.vitner@wellsfargo.com
Sam Bullard	Senior Economist	(704) 410-3280	sam.bullard@wellsfargo.com
Nick Bennenbroek	International Economist	(212) 214-5636	nicholas.bennenbroek@wellsfargo.com
Tim Quinlan	Senior Economist	(704) 410-3283	tim.quinlan@wellsfargo.com
Azhar Iqbal	Econometrician	(212) 214-2029	azhar.iqbal@wellsfargo.com
Sarah House	Senior Economist	(704) 410-3282	sarah.house@wellsfargo.com
Charlie Dougherty	Economist	(704) 410-6542	charles.dougherty@wellsfargo.com
Michael Pugliese	Economist	(212) 214-5058	michael.d.pugliese@wellsfargo.com
Brendan McKenna	International Economist	(212) 214-5637	brendan.mckenna@wellsfargo.com
Shannon Seery	Economist	(704) 410-1681	shannon.seery@wellsfargo.com
Jen Licis	Economic Analyst	(704) 410-1309	jennifer.licis@wellsfargo.com
Hop Mathews	Economic Analyst	(704) 383-5312	hop.mathews@wellsfargo.com
Nicole Cervi	Economic Analyst	(704) 410-3059	nicole.cervi@wellsfargo.com
Sara Cotsakis	Economic Analyst	(704) 410-1437	sara.cotsakis@wellsfargo.com
Coren Burton	Administrative Assistant	(704) 410-6010	coren.burton@wellsfargo.com

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