

Utah's Economy

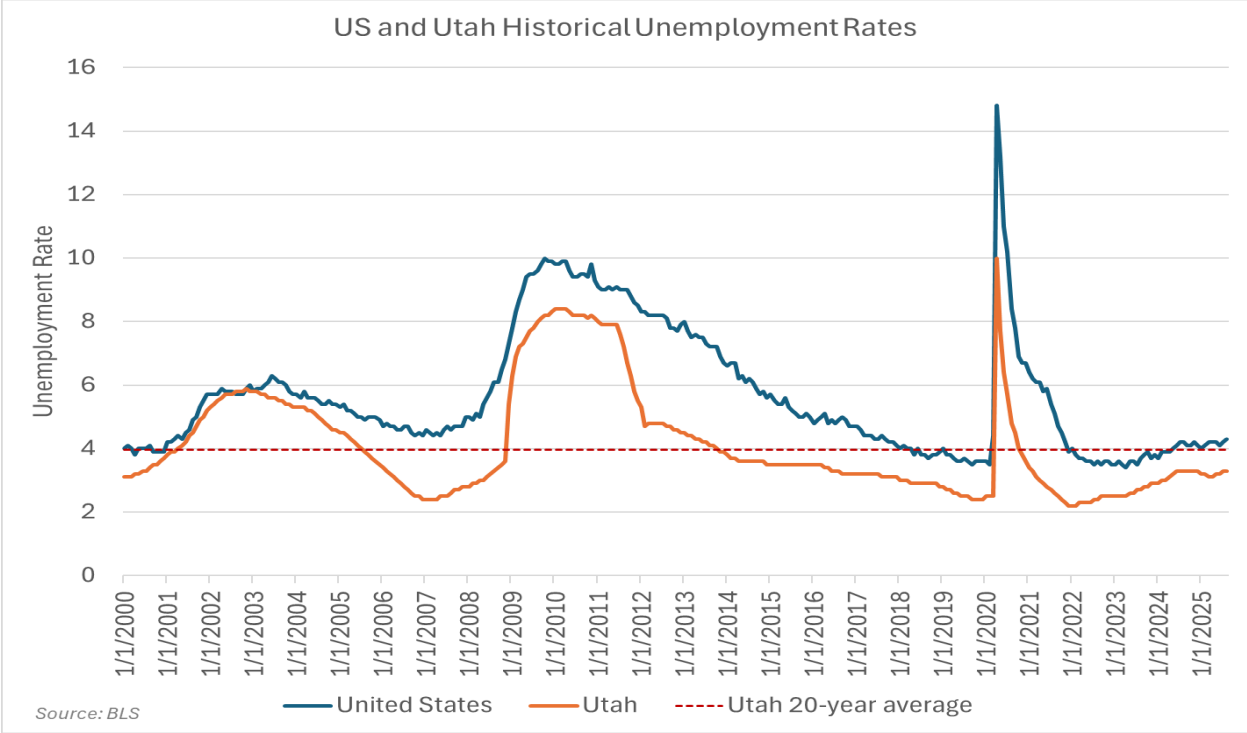
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Utah's economy in 2024 saw a shift toward a more balanced and sustainable position, easing after several years of historically tight labor market conditions. This analysis explores these trends in detail, covering unemployment, job data, population dynamics, inflation, wages, and a sector-by-sector breakdown of the economy's performance throughout the year.

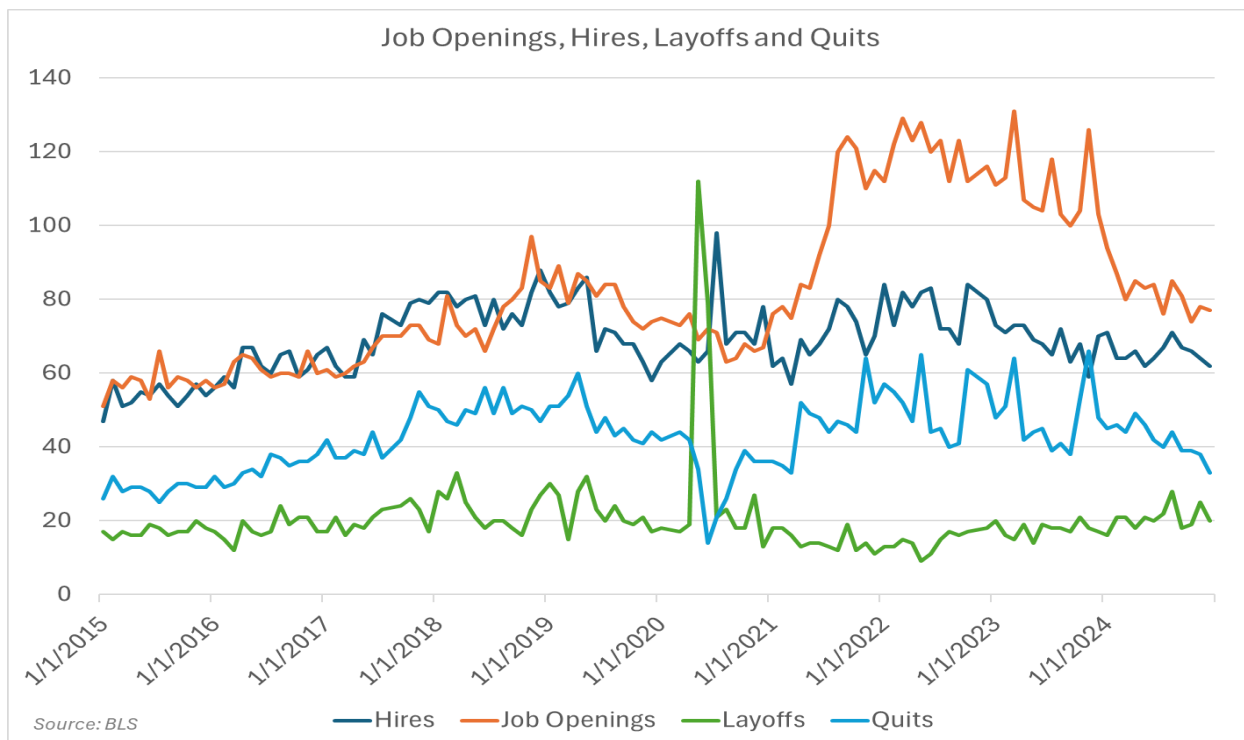
Unemployment Rates and Jobs Data

Utah's economy moderated in 2024 as labor markets stabilized, reaching a more balanced state following the tight labor markets of the last several years. The state's average unemployment rate rose to 3.2% in 2024, from 2.7% in 2023. Despite the increase, the state's unemployment rate remains at historically low levels; over the last twenty years Utah's average unemployment rate was 4.0%. Moreover, the state continued to outperform the United States, which reported an average unemployment rate of 4.0% in 2024, up from 3.6% in 2023.



Job openings and hiring activity approached more sustainable levels in 2024 as labor markets cooled. Before 2021, job openings and hiring were largely aligned. However, as the economy recovered and many baby boomers exited the labor market, job openings consistently exceeded hiring activity, with many employers struggling to hire workers.

Layoffs and quit rates reflected this trend. Layoffs crept higher in 2024, averaging 20,800 per month, up from 17,700 in 2023. Simultaneously, quits declined, averaging 42,100 per month in 2024, down from 48,300 in 2023. The combination of increasing layoffs and declining quit rates signaled a shift from the tight labor market conditions, suggesting employers were more confident in their ability to hire, and employees were less confident in their ability to quit and quickly find a new job.



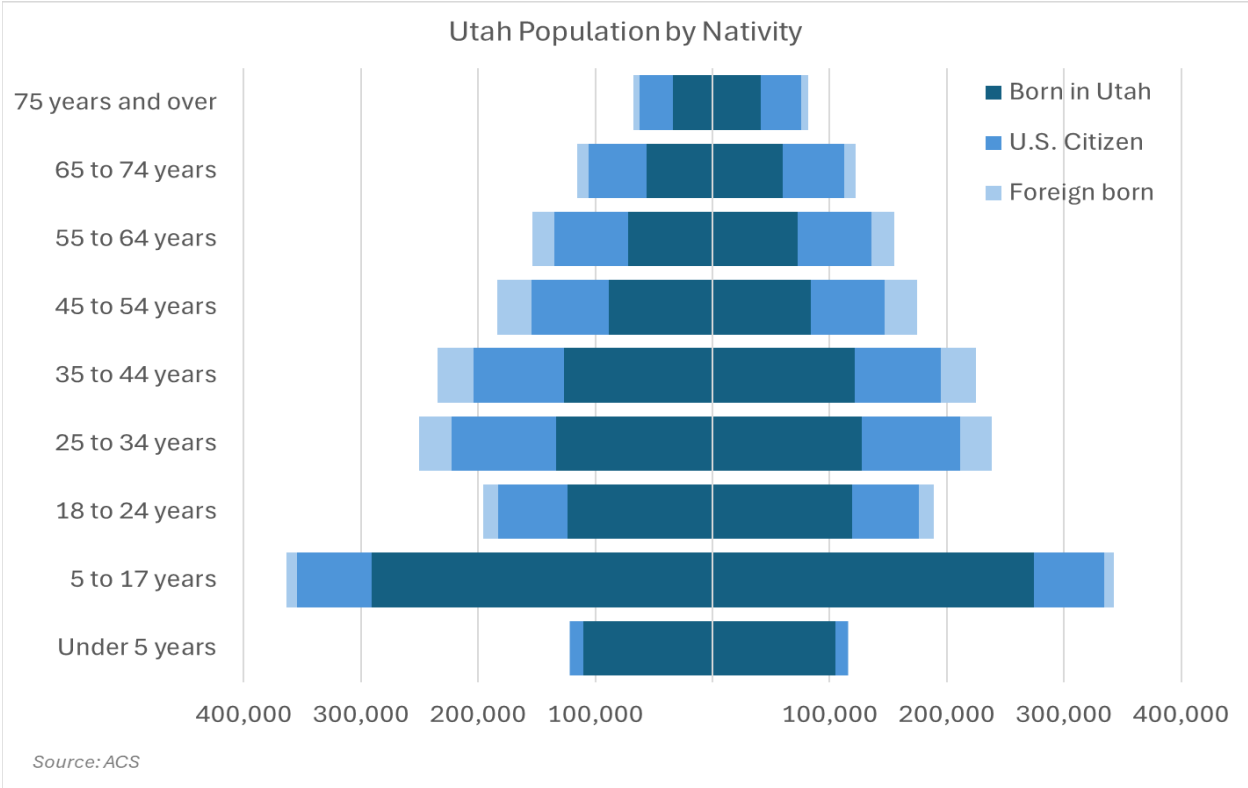
Job growth slowed as labor markets came into balance over the year. Utah increased employment by 1.3% in 2024, adding 23,042 jobs, which aligned with the annual nationwide job growth rate. Despite this moderation, strong employment growth since 2020 left the state in a strong position, ranking 7th in job growth rate from 2020 through 2024.

Both the government and education and health services sectors added jobs over the year. The government sector, which includes public education and publicly owned healthcare, struggled to attract employees away from a booming private sector in 2021 and 2022. It has since turned in a second straight year of strong growth in 2024, expanding by 3.4%. Meanwhile, the education and health services sector, which will continue to expand as the population ages, grew employment by 3.1% in 2024.

In contrast, the information and professional and business services sectors shed jobs, falling by 3.4% and 0.6%, respectively. Employment in the information sector began to decline in 2023 following aggressive hiring activity in 2021 and 2022. Within the information sector, the largest employment declines were seen in motion picture companies and software publishers. The decline in professional and business services was driven largely by employment losses in employment services and computer systems design companies.

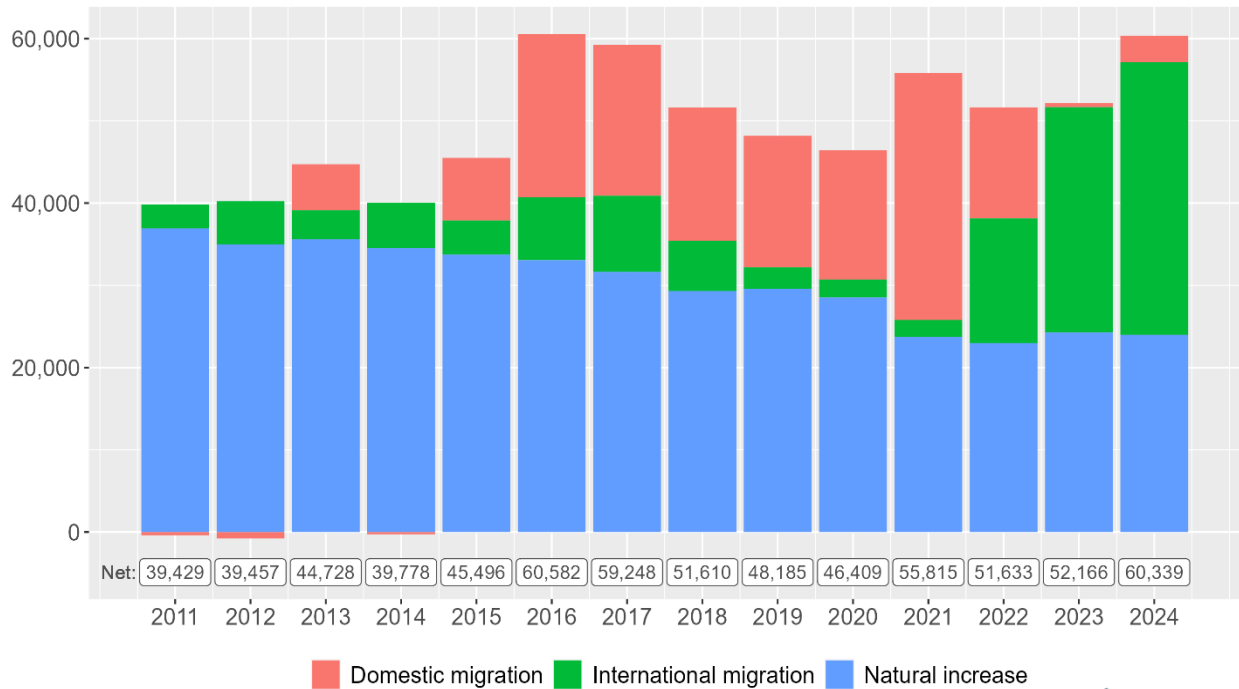
Population and Employment Trends

Utah consistently outperforms the United States in many labor market metrics, largely due to its relatively young labor force. The old-age dependency ratio compares the number of elderly individuals (65 and older) to the working-age population (15 to 64) and is often expressed as the number of older dependents per 100 people of working age. In Utah, the dependency ratio is 20.4, thus for every 100 working age people in Utah, there are 20.4 old-age dependents. For comparison, the U.S. dependency ratio is 29.7.



Historically, the majority of Utah’s population growth has come from natural increase (births minus deaths). However, since 2016, in-migration has accounted for a larger portion of the state’s population growth, while natural population increases have been declining. The largest portion of in-migrants were U.S. citizens (78%). Importantly, these new residents were overwhelmingly from the younger, working-age demographic. Among all foreign-born immigrants residing in Utah in 2023, 83% were between the ages of 18 and 64, while 69% of all U.S. citizen immigrants to the state fell within this same age group. For comparison, 52% of Utah natives were between 18 and 64, and together, U.S. citizens and foreign-born immigrants made up 47% of Utah’s working-age population (18 to 64). Note that the total of these percentages may not equal 100% due to sampling error and rounding of percentages.

Utah: Components of population change



Source: U.S. Census Bureau, Population Division

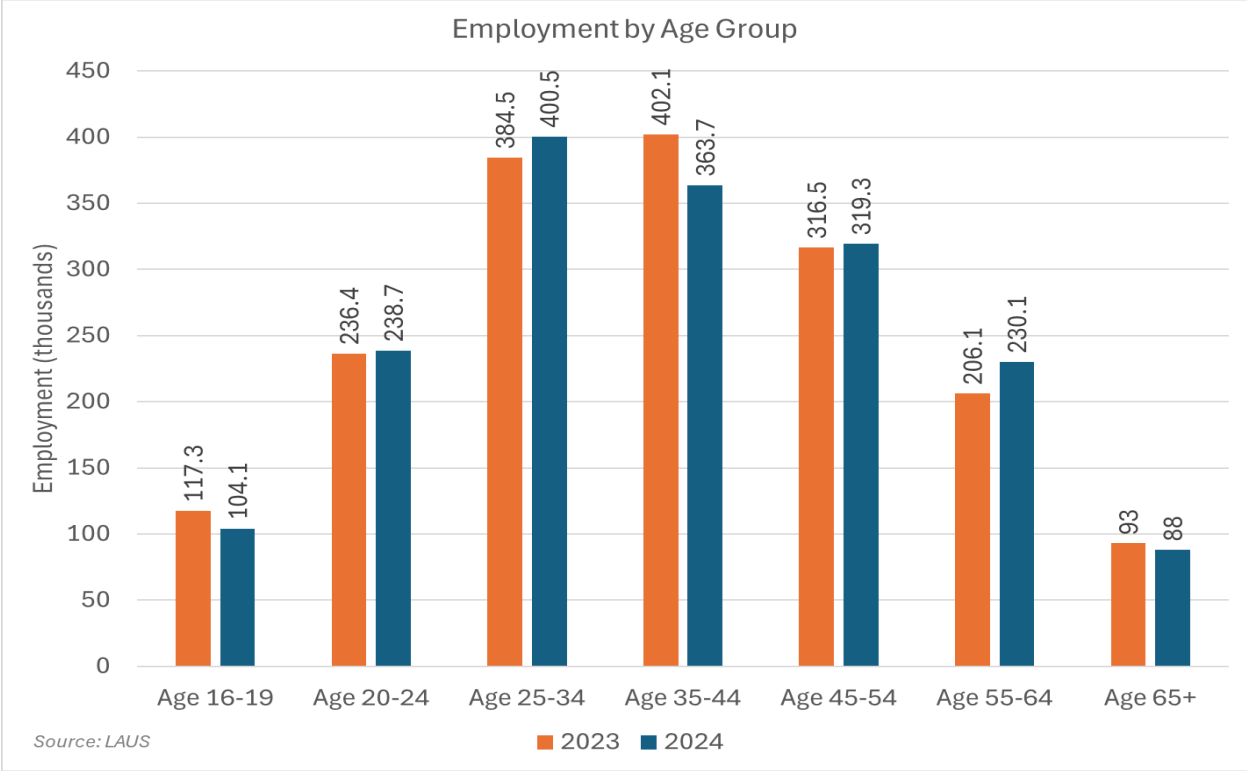


Utah's labor force participation rate fell slightly in 2024 to 68.8% from 69.2%, a reflection of cooling labor markets. By comparison, the U.S. rate held steady at 62.6%. Utah's relatively high participation rate, supported by its younger population, was a key driver of its strong economic growth.

The cooling economy had differing effects across age and gender demographics. The 16 to 19 and 35 to 44 age groups saw employment declines over the year, falling by 13,200 and 38,400, respectively. Younger workers (16 to 19) had previously benefitted from tight labor markets, as employers turned to inexperienced hires to fill positions. With worker shortages ameliorated in 2024, younger workers found themselves in lower demand.

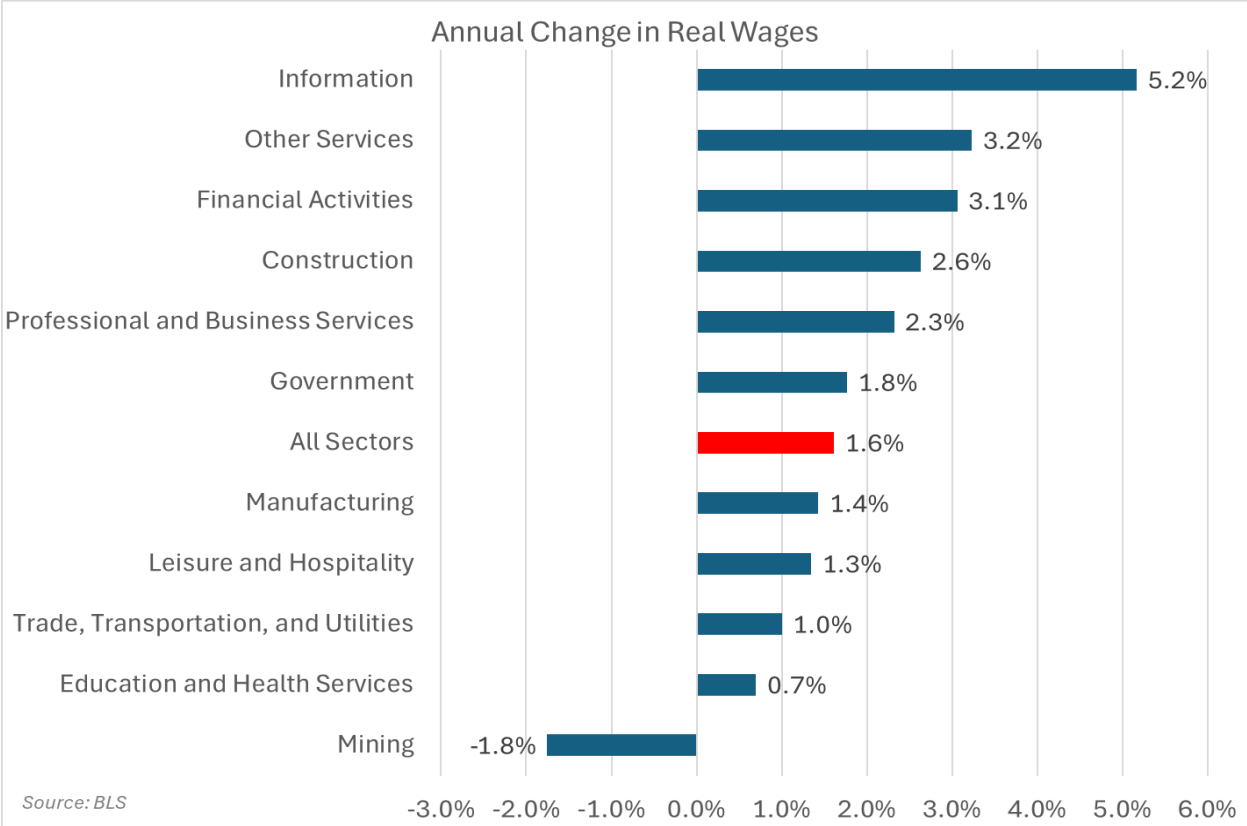
Employment for the 35 to 44 age group declined by 9.5%, concentrated in the information and professional and business services sectors. This age group saw large job losses at motion picture companies, software publishers, computer system design, and employment services. Other declines were noted in medical equipment manufacturers, non-depository credit intermediation, and miscellaneous retail companies.

Other age groups saw job gains, most notably the 55-64 age group, whose employment expanded by 24,000. These older workers, who likely focused on shoring up retirement finances following recent high inflation, found jobs at restaurants and professional equipment wholesalers.



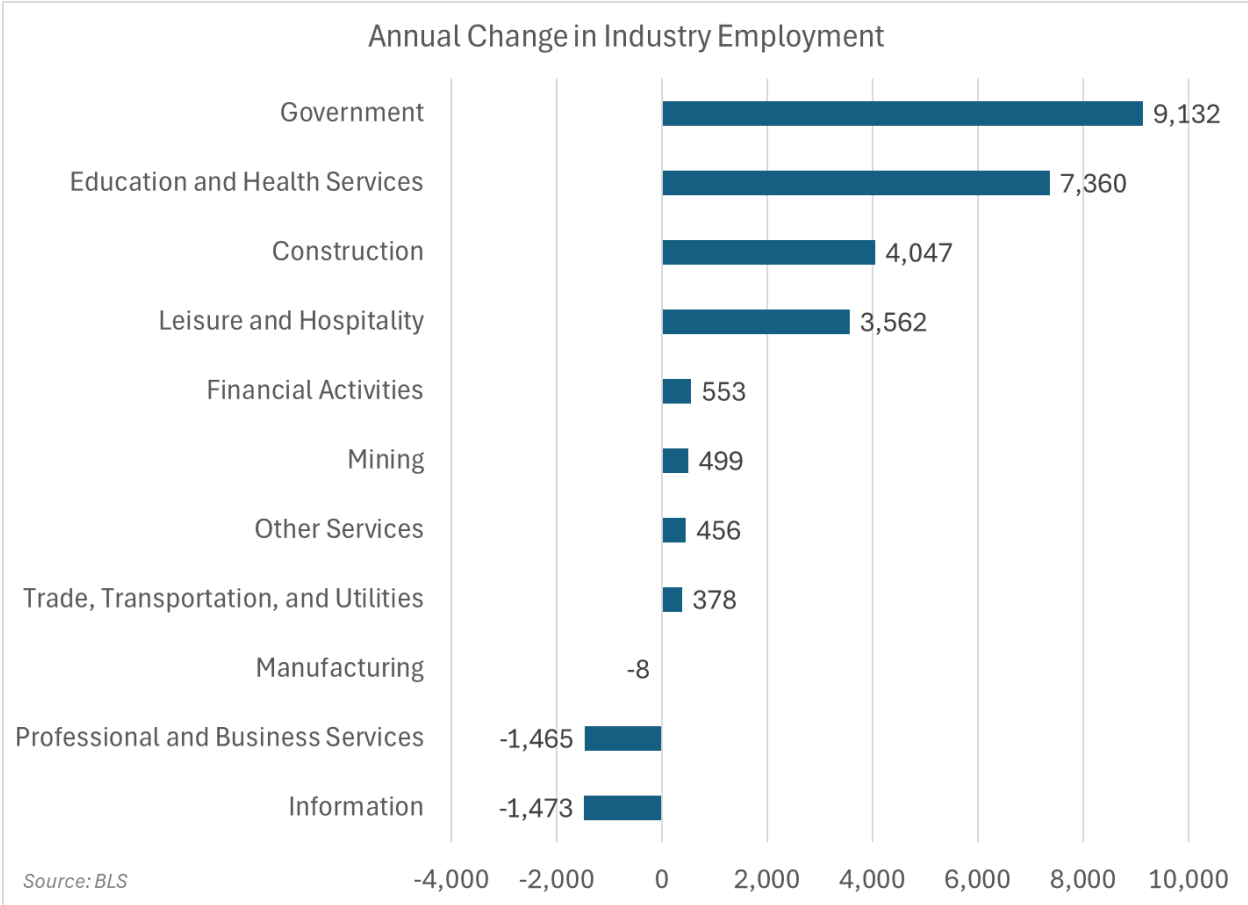
Inflation and Wages

Inflation moderated in 2024, easing pricing pressures on workers. Inflation as measured by the Consumer Price Index (CPI) averaged 3.0% over the year, down from 4.1% in 2023. Real average monthly wages (adjusted for inflation) in the state increased 1.6% in 2024. The majority of counties saw increases, with the largest percentage gains in Rich, Millard, Davis, and Beaver counties. Only Juab, Box Elder, and Daggett counties experienced real wage losses.



The information sector, which paid an average monthly wage of \$9,925 in 2024, saw the largest increase at 5.2%, despite a 3.4% decrease in employment. The other services sector, which includes repair, maintenance, and personal services, increased real wages by 3.2% to \$4,014. The education and health services sector saw the smallest increase, growing by 0.7% to \$4,499. The only sector whose real wage declined was the mining sector, where wages fell 1.8% to \$8,195.

Sector Breakdown



Mining

Employment in the mining sector grew by 4.6%, adding 499 jobs over the year. Although the sector only accounted for 0.6% of nonagricultural jobs in the state, its average monthly wage of \$8,195 was the second highest among the major industrial sectors. However, it was the only sector whose real wage declined, falling by 1.8%.

Construction

The construction sector grew employment by 3.0% over the year, adding 4,047 jobs to local payrolls, even as total construction permitting values fell 1.0%. The sector paid an average monthly wage of \$5,850 and accounted for 8% of employment in the state, with real wages growing by 2.6% in 2024. While both residential and nonresidential permitting values declined, permit values for additions, alterations, and repairs increased. Within residential construction, decreases in permit values for multi-unit housing offset increases in detached, single family values. Within nonresidential construction, permit values were highest for offices, banks and professional buildings, and structures other than buildings.

Manufacturing

Manufacturing employment was flat over the year, with a net loss of 8 jobs. Real wages increased by 1.4%, just below the statewide increase of 1.6%. The average monthly wage was \$6,277, and the sector accounted for 9% of statewide employment. Aerospace products and medical equipment manufacturing provided the most jobs. Aerospace jobs were primarily found in Weber County, with a fair amount in Salt Lake, Davis, and Beaver counties. Medical equipment manufacturing jobs were predominantly located in Salt Lake County.

Trade, Transportation and Utilities

This sector made up the largest share of statewide employment at 18%, employing 315,999 people. Employment increased by 0.1% over the year. The sector paid average monthly wages of \$4,896, which was 10.7% lower than the statewide wage of \$5,483.

Financial Activities

Employment in the financial activities sector, concentrated in the Salt Lake area, rose 0.6% to 98,930 in 2024, accounting for just under 6% of jobs in the state. The sector was one of the highest-paying in Utah. Real monthly wages in the sector grew 3.1%, with average monthly wages reaching \$7,908. Employment increased at depository credit intermediation and insurance brokerage companies, which offset declines in non-depository credit intermediation companies.

Professional and Business Services

Employment in this sector fell by 0.6% over the year. At 248,208 jobs, the sector made up 14% of statewide employment. Real monthly wages grew by 2.3% in 2024, with average monthly wages reaching \$7,402. Computer systems design and employment services companies accounted for the largest employment in the sector, and both subsectors reduced employment over the year.

Education and Health Services

This sector accounted for 14% of statewide employment and grew by 3.1% over the year to 242,381 in 2024. The average monthly wage was \$4,499. Real average monthly wages grew by 0.7%, which is below the statewide real wage growth rate of 1.6%. Employment in education was dominated by elementary and secondary schools, followed by colleges and universities. In healthcare, the majority of jobs were found at hospitals. Registered nurses and medical assistants saw the most job postings, but these postings declined by 32% and 21%, respectively.

Leisure and Hospitality

The leisure and hospitality sector grew employment by 2.1% in 2024. At 175,768 jobs, the sector accounted for 10% of statewide jobs. Its average monthly wage of \$2,305 was the lowest industry wage in the state. Although the sector increased real wages by 1.3%, it fell short of the statewide real wage growth rate. Restaurants accounted for 60% of employment in the sector. Traveler accommodation jobs were mostly in Salt Lake County, with a fair amount in Summit and Washington counties.

Other Services

This sector, which includes various repair and personal services companies, added 456 jobs to local payrolls in 2024, growing employment by 1.0%. The sector provided an average of 46,643 jobs over the year, making up nearly 3% of statewide employment. Real wages in the sector grew by 3.2%, with average monthly wages reaching \$4,014, the second highest real wage growth rate.

Government

The government sector added more jobs than any other major sector in 2024, as softening labor markets allowed public sector employers to fill positions it had struggled to fill in previous years. At 275,662, the sector makes up nearly 16% of statewide employment, and includes jobs in publicly owned education and health care establishments. Average monthly wages grew to \$5,300, just below the statewide average of \$5,483.