

Building the Future

Northern Utah Manufacturing Excellence, 2024

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Utah Department of Workforce Services

October 2024

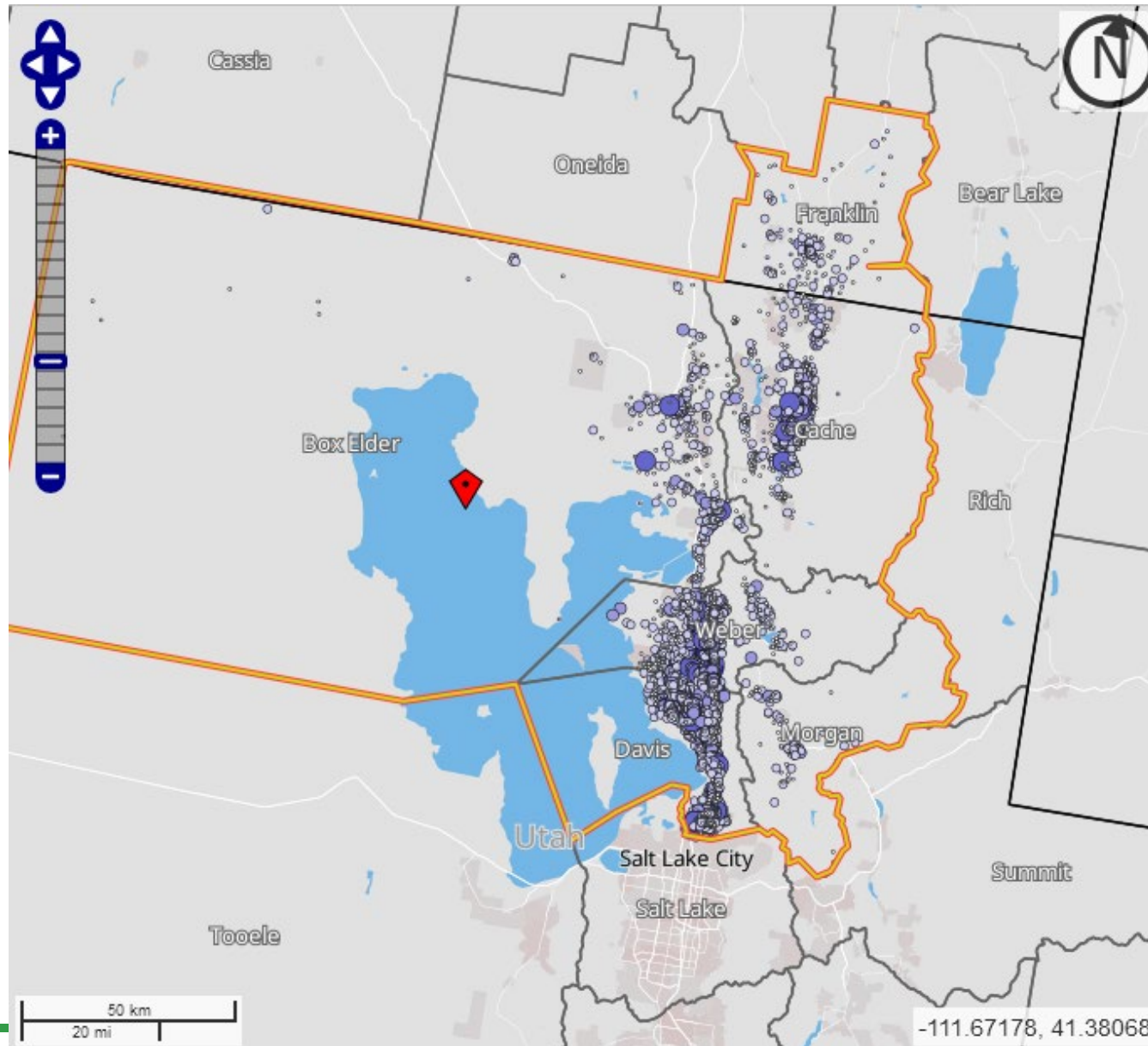


Overview

- 1. Northern Utah Economic Update**
 - a. Employment
 - b. Wages
- 2. Manufacturing in Northern Utah**
 - a. Highlight by detailed industry
 - b. Trends and challenges
- 3. Housing Affordability**
 - a. In-migration
 - b. Calcification
 - c. Commuter competition
- 4. Looking Forward**

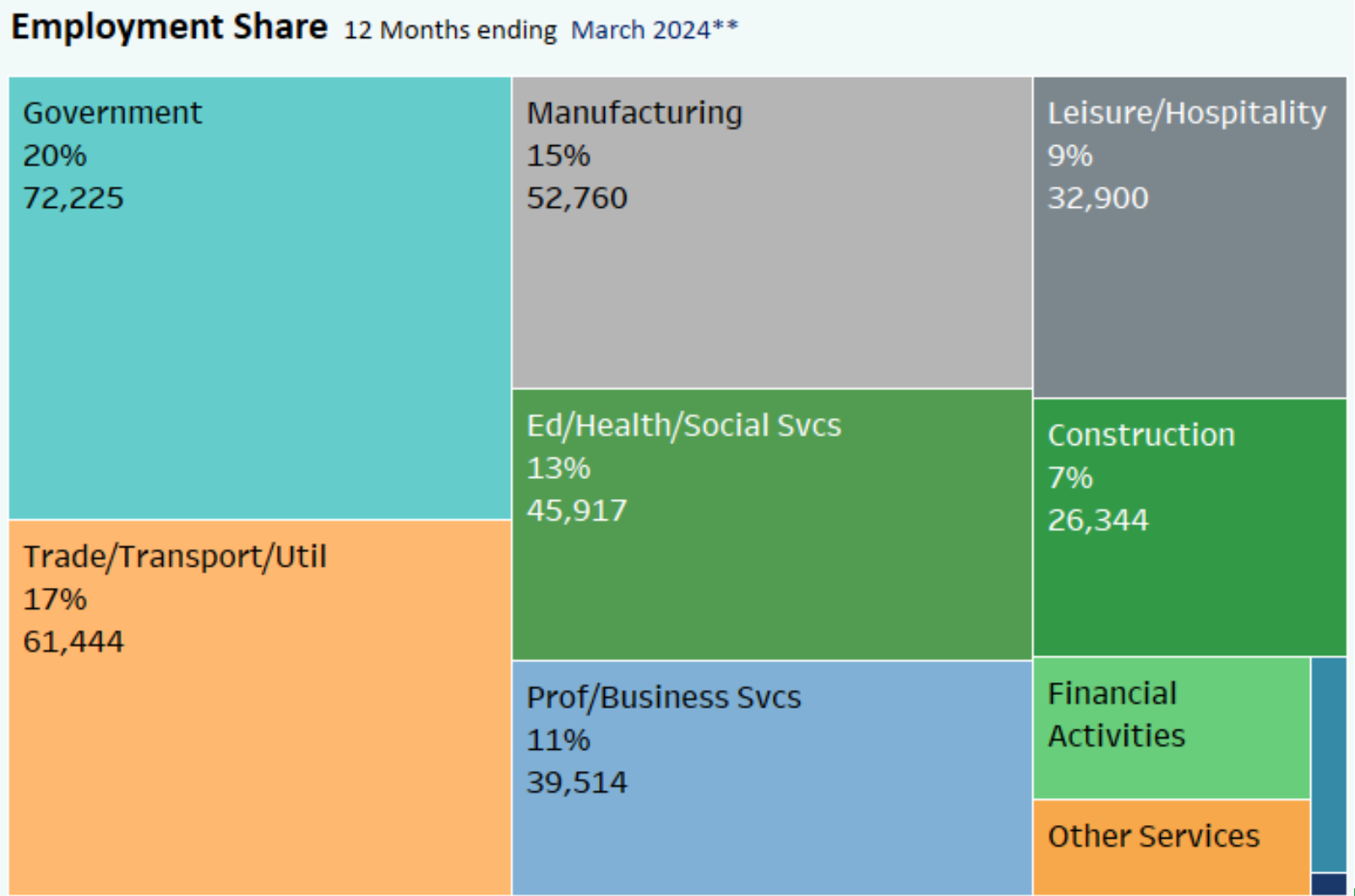


Northern Utah Jobs by Density, 2021



- 5 - 183 Jobs/Sq.Mile
- 184 - 720 Jobs/Sq.Mile
- 721 - 1,614 Jobs/Sq.Mile
- 1,615 - 2,867 Jobs/Sq.Mile
- 2,868 - 4,477 Jobs/Sq.Mile
- 1 - 4 Jobs
- 5 - 31 Jobs
- 32 - 103 Jobs
- 104 - 244 Jobs
- 245 - 476 Jobs
- Home Area

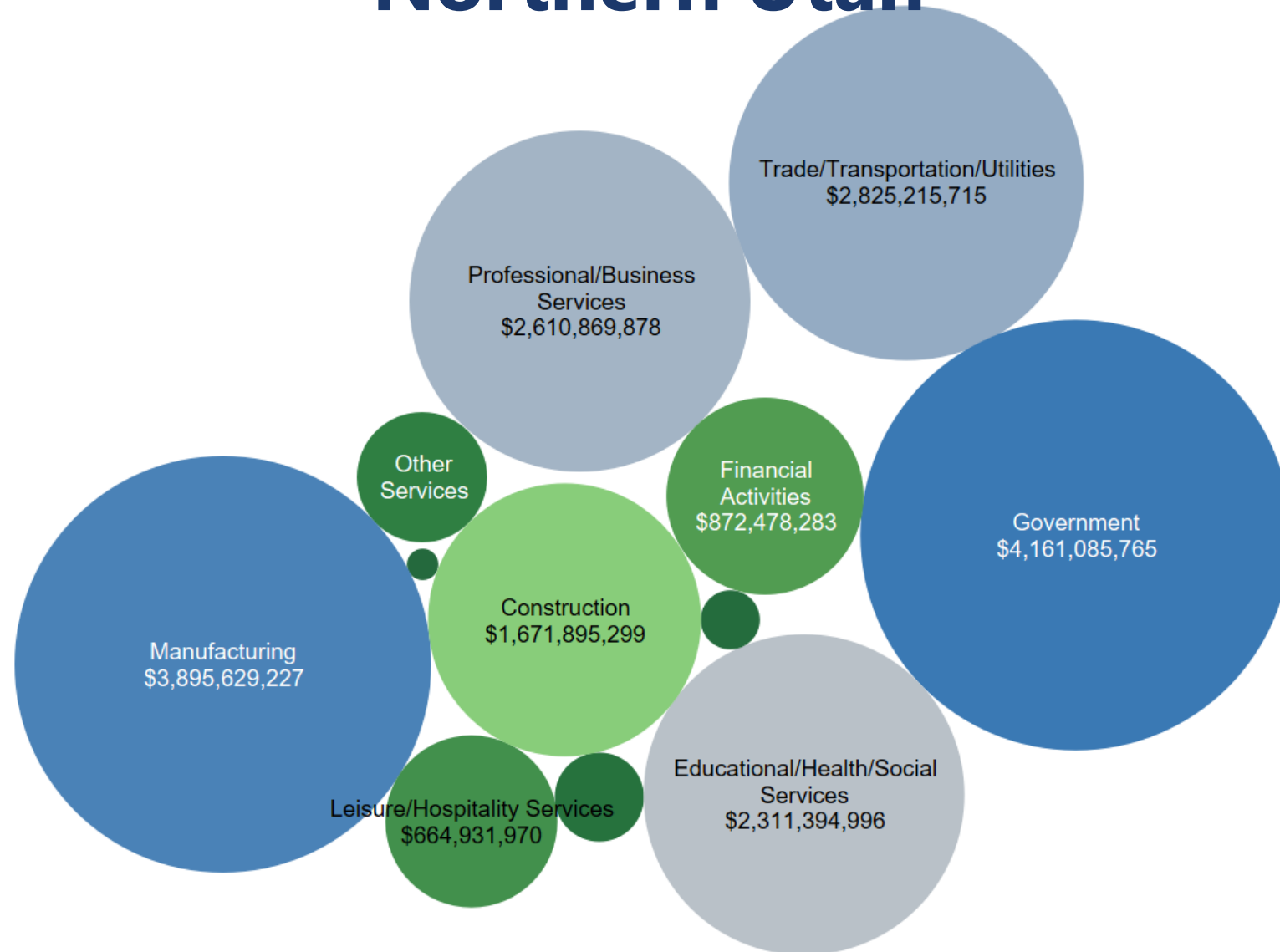
Greater Northern Utah QCEW Employment by Industry, March 2024



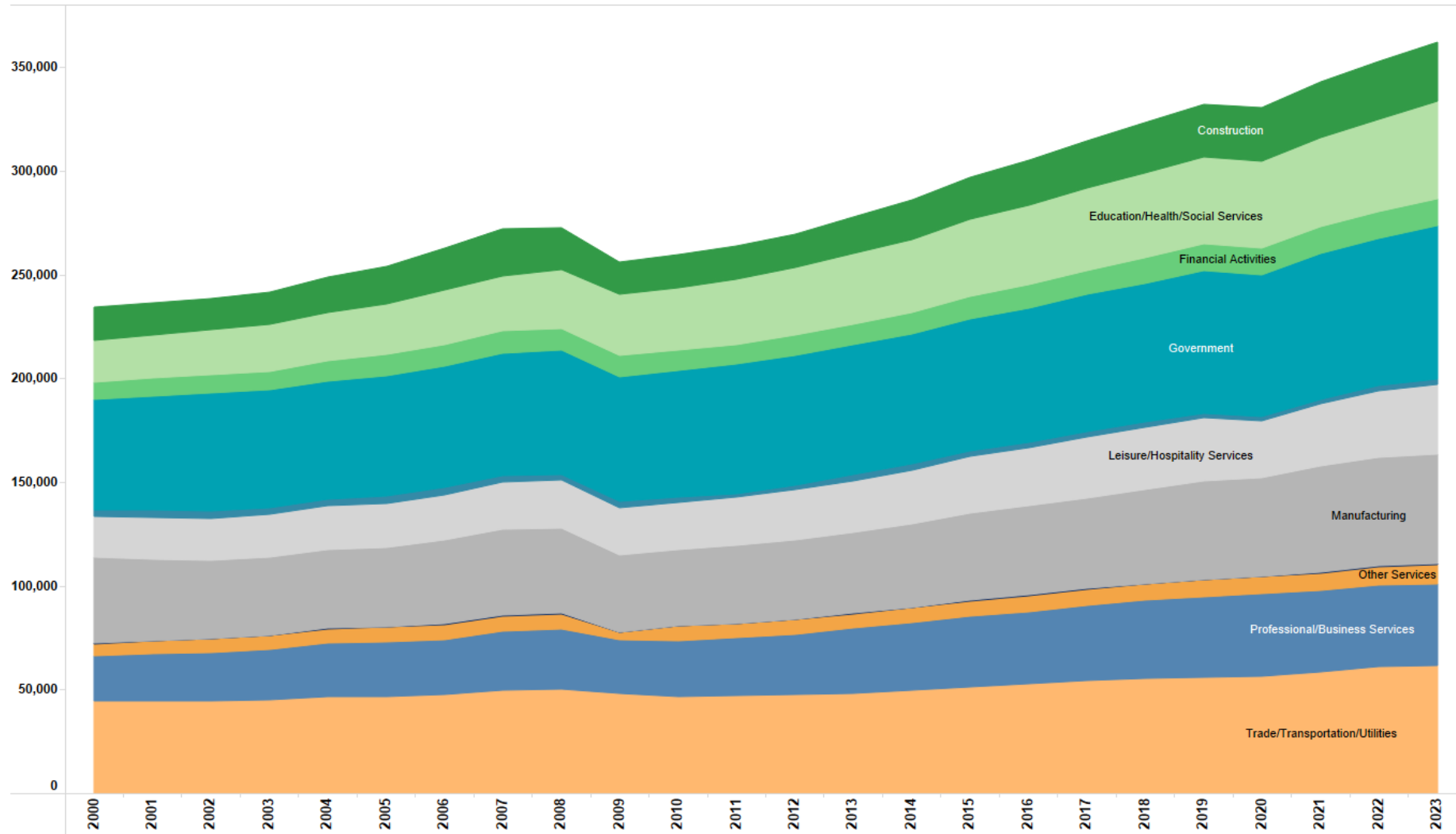
Source: BLS, Quarterly Census of Employment and Wages



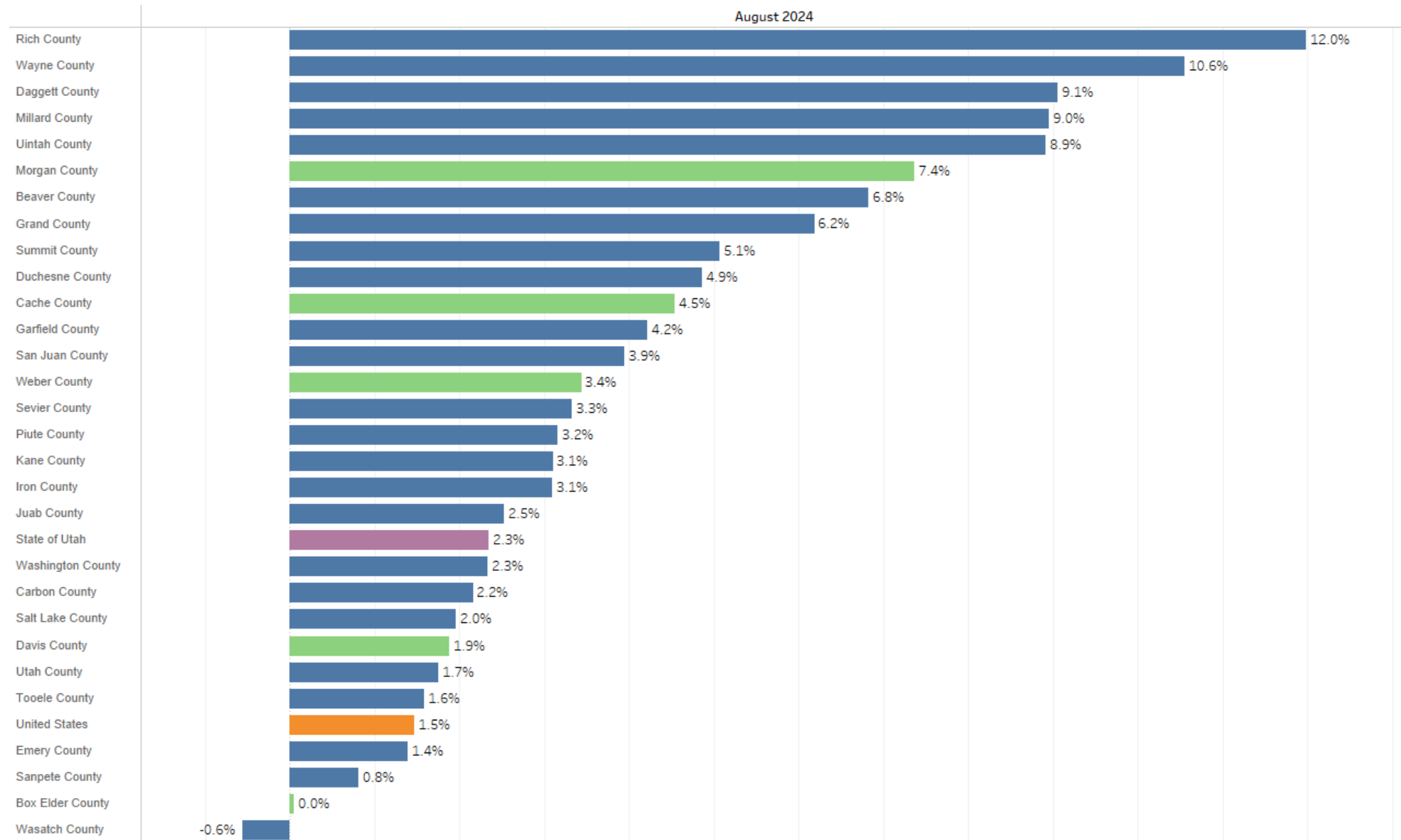
2023 Total Annual Wages by Industry, Northern Utah



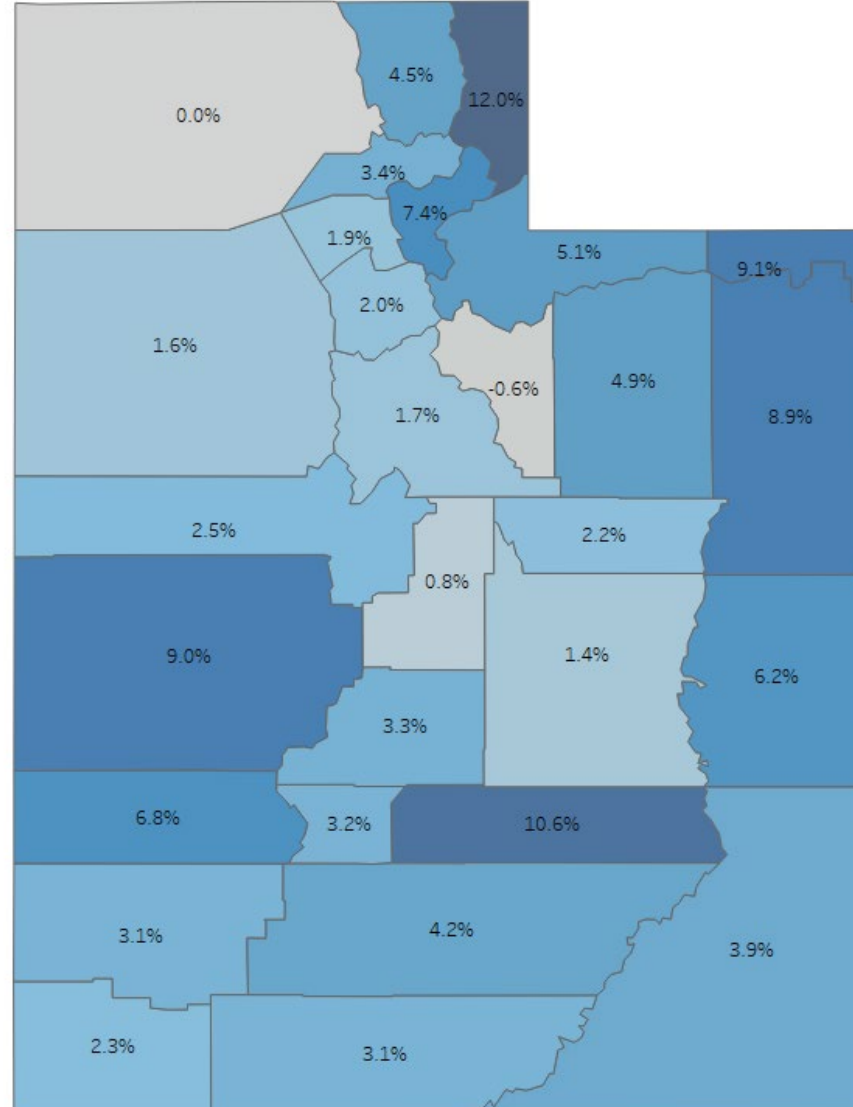
Nonfarm growth through 2023, QCEW



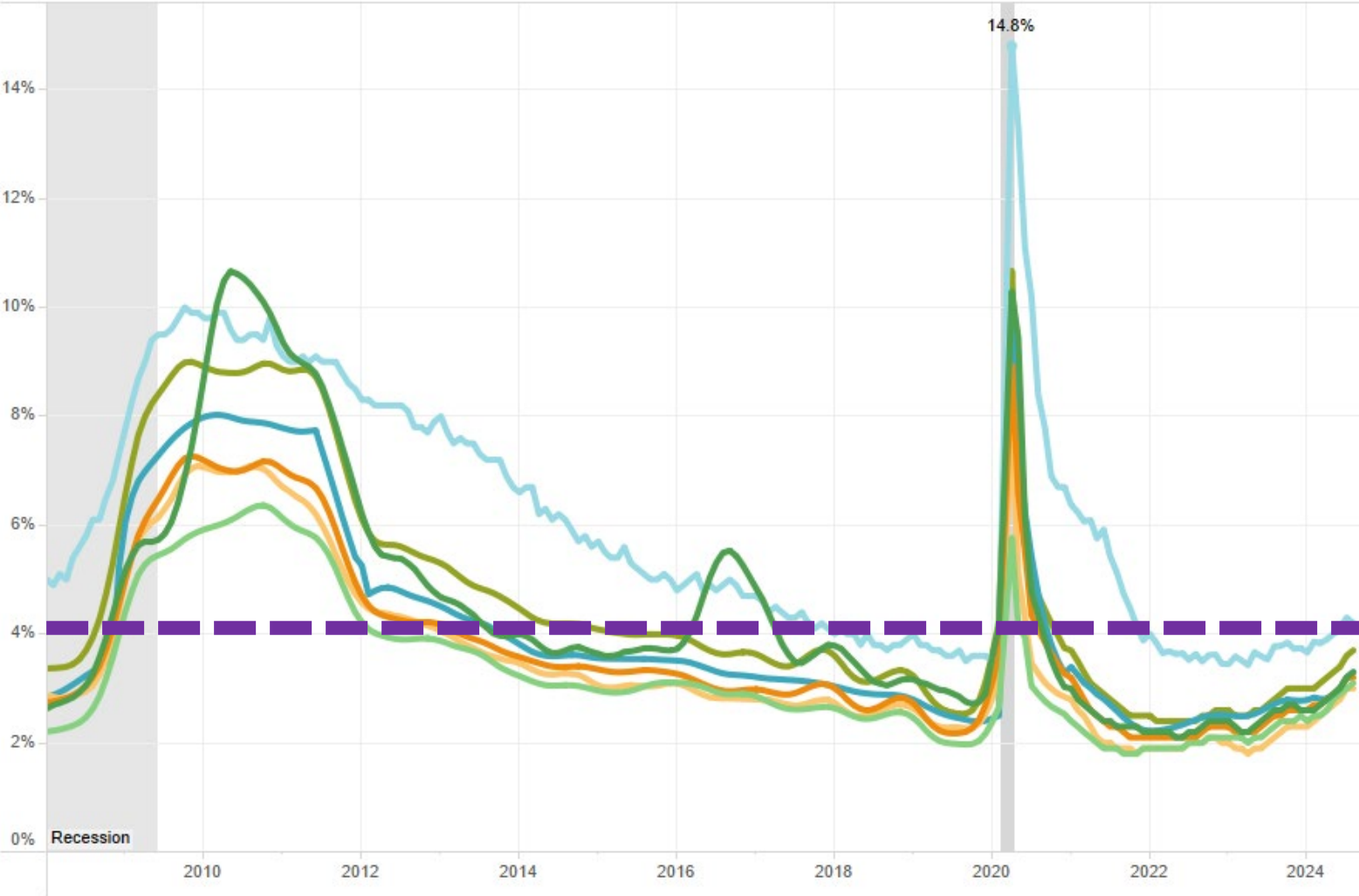
County Growth Comparison, August '24



County Nonfarm Growth Comparison, August '24



Unemployment Rate, Aug. '24



- County
- Box Elder County
- Cache County
- Davis County
- Morgan County
- State of Utah
- United States
- Weber County

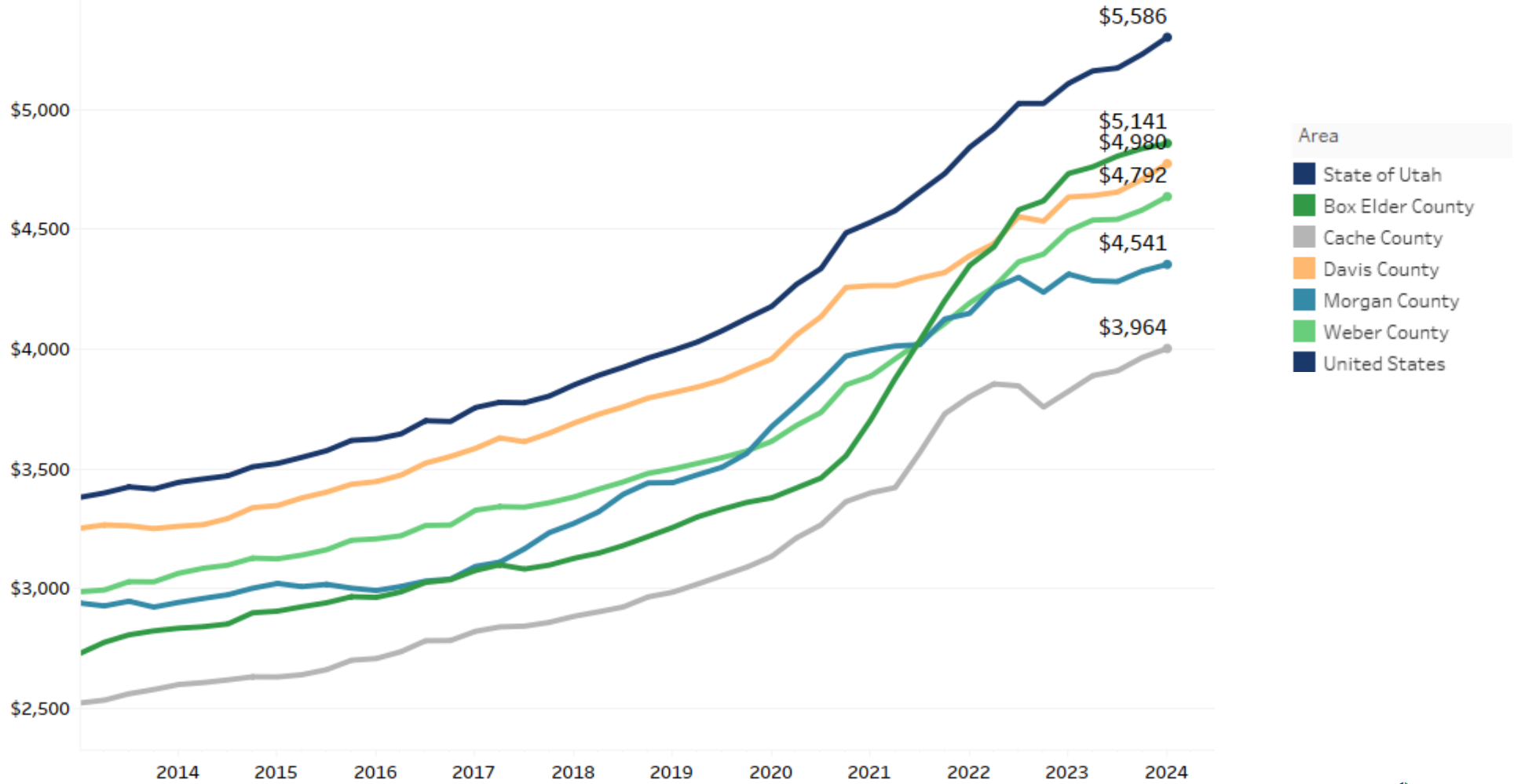
U.S.	4.2
State of Utah	3.3
Weber	3.7
Box Elder	3.3
Davis	3.2
Cache	3.1
Morgan	3.0



Source: BLS & DWS, Local Area Unemployment Statistics (me!)

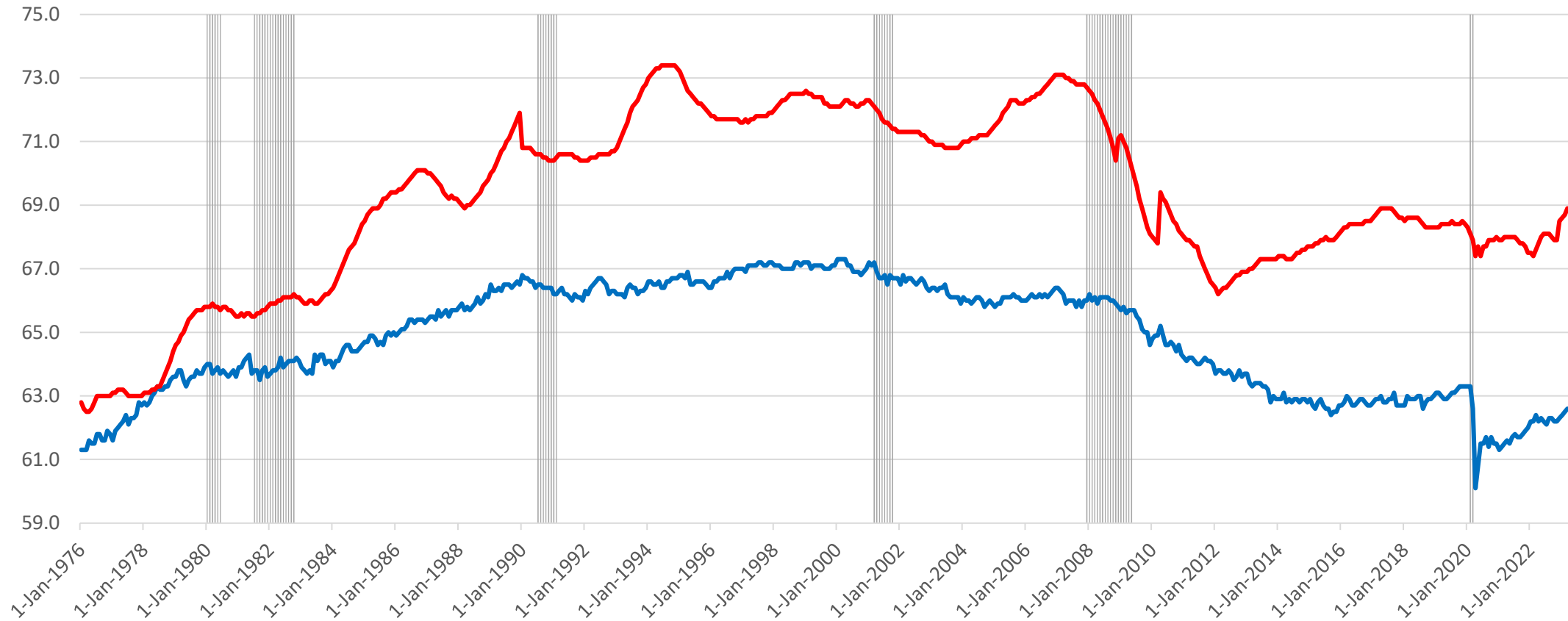
Wage Growth

Four-Quarter Moving Average



Labor Force Participation

Labor Force Participation Rate -- U.S. and Utah



Shaded areas indicate U.S. recessions
Source: U.S. Bureau of Labor Statistics

— U.S. — Utah

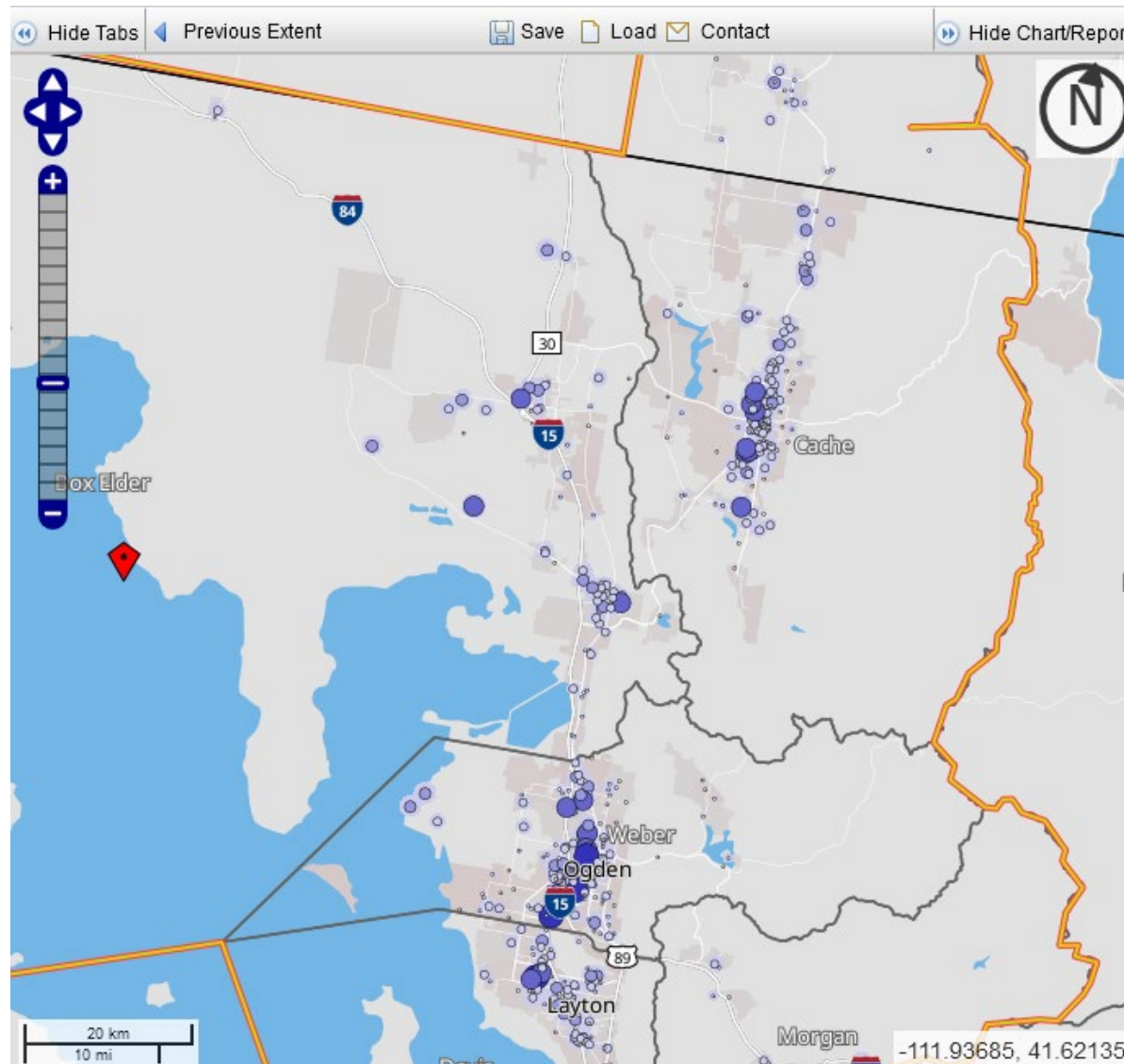
Manufacturing in Northern Utah



October 2024



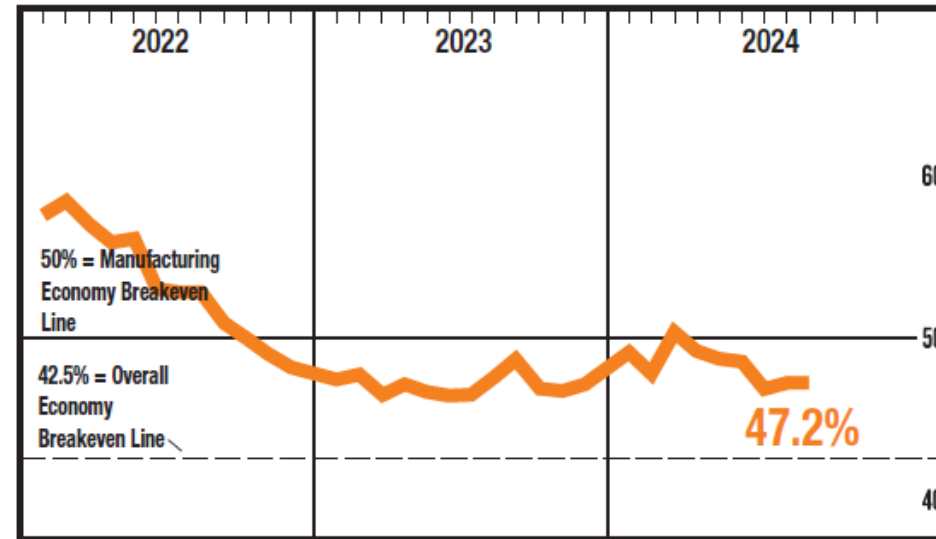
Manufacturing Jobs by Density, 2021



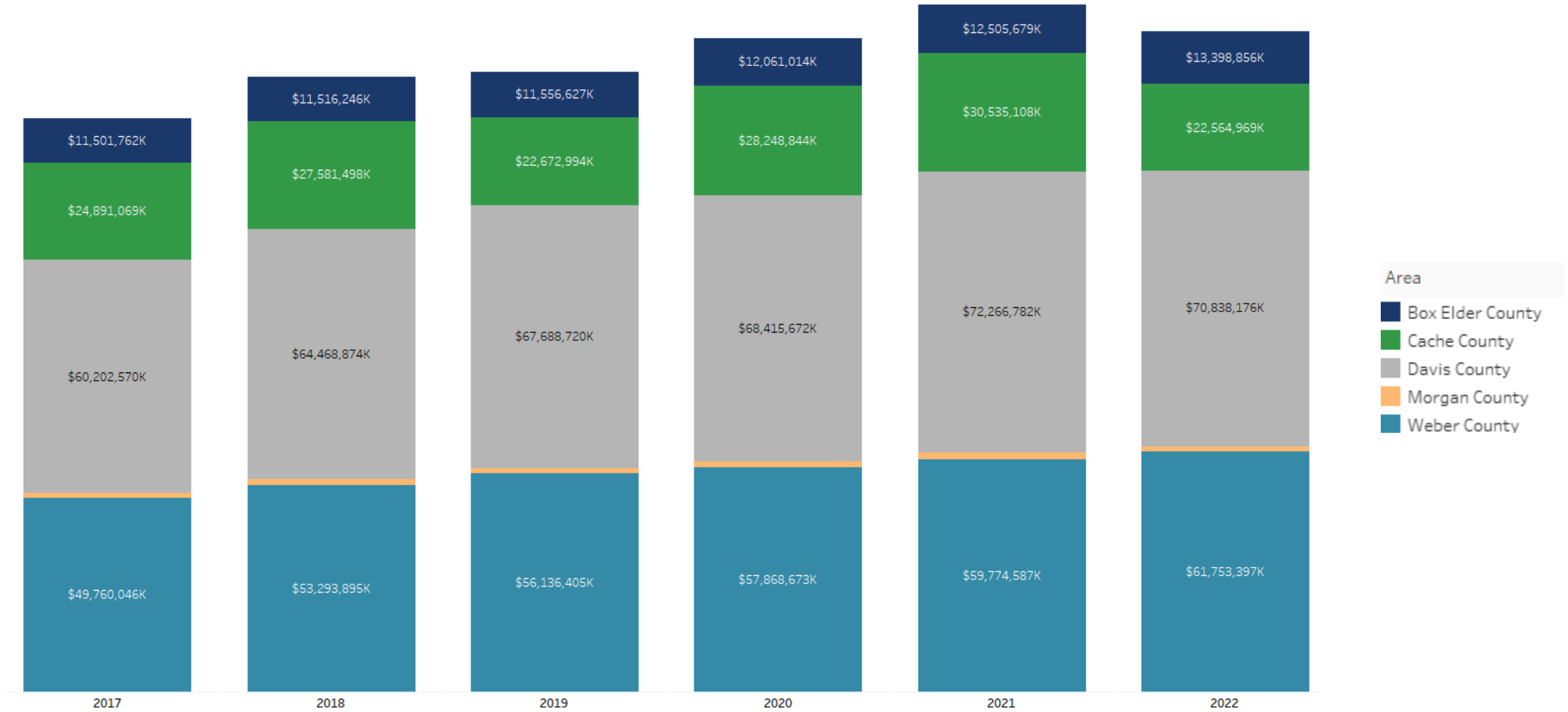
- 5 - 39 Jobs/Sq.Mile
- 40 - 144 Jobs/Sq.Mile
- 145 - 318 Jobs/Sq.Mile
- 319 - 561 Jobs/Sq.Mile
- 562 - 875 Jobs/Sq.Mile
- 1 - 5 Jobs
- 6 - 18 Jobs
- 19 - 41 Jobs
- 42 - 72 Jobs
- 73 - 113 Jobs
- Home Area

MANUFACTURING PMI® at 47.2%

The U.S. manufacturing sector contracted for the sixth consecutive month in September, as the Manufacturing PMI® registered 47.2 percent, the same reading as in August. After breaking a 16-month streak of contraction by expanding in March, the manufacturing sector has contracted the last six months. Of the five subindexes that directly factor into the Manufacturing PMI®, only one (Supplier Deliveries) was in expansion territory, the same as in August.



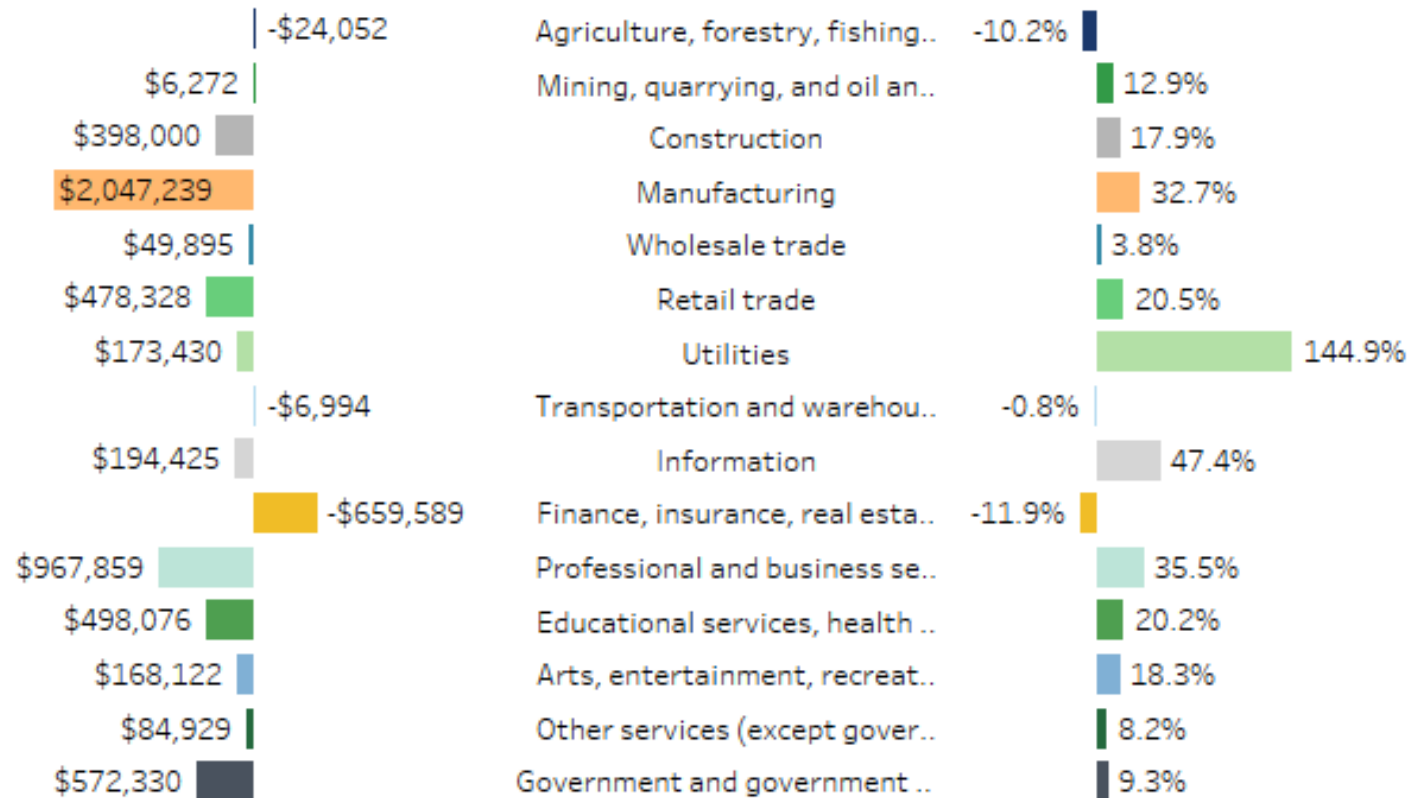
GDP in 2017 Chained Dollars, by Area



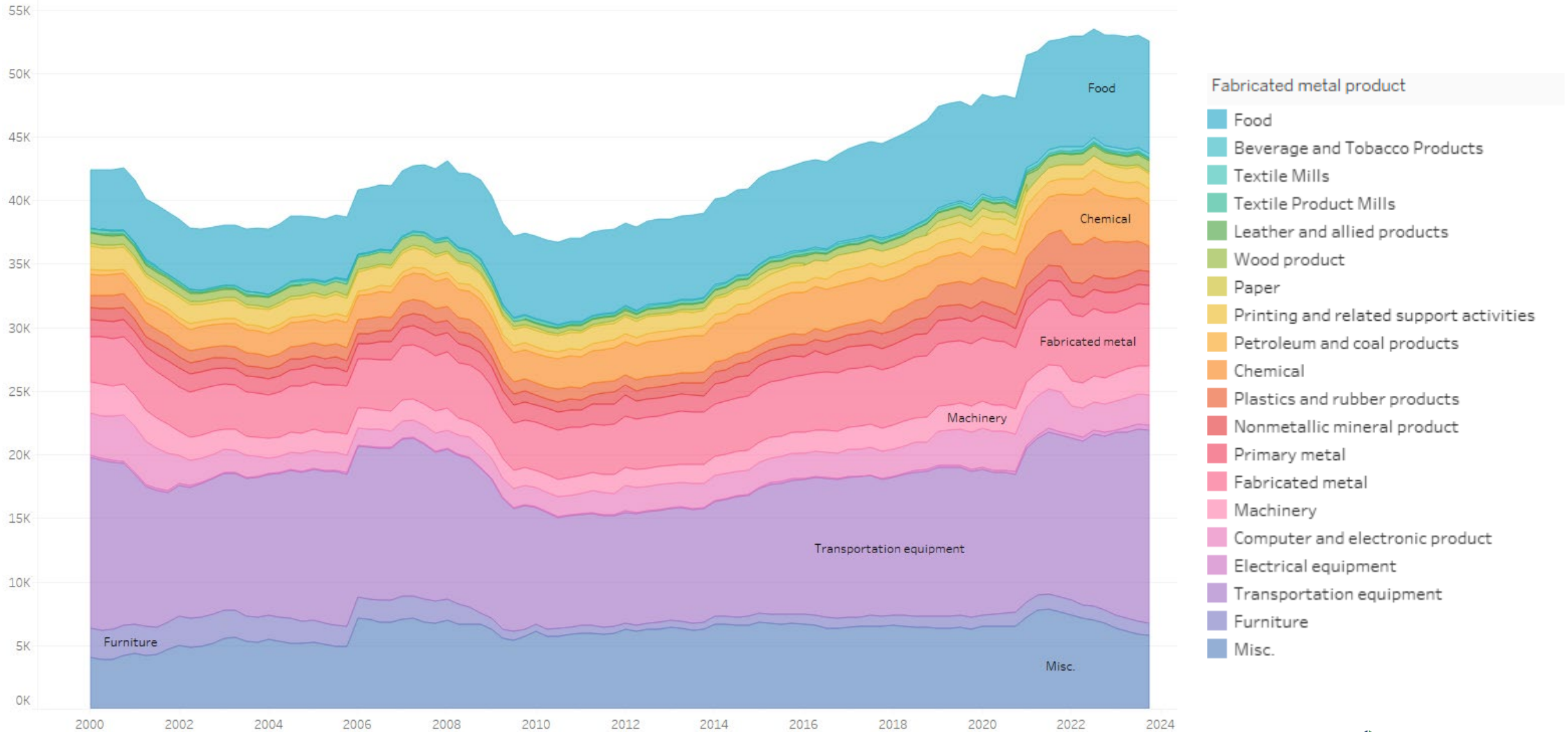
Manufacturing is a Basic Industry

GDP Change by Industry, 2017-2022

Change by Major Industry 2017 & 2022

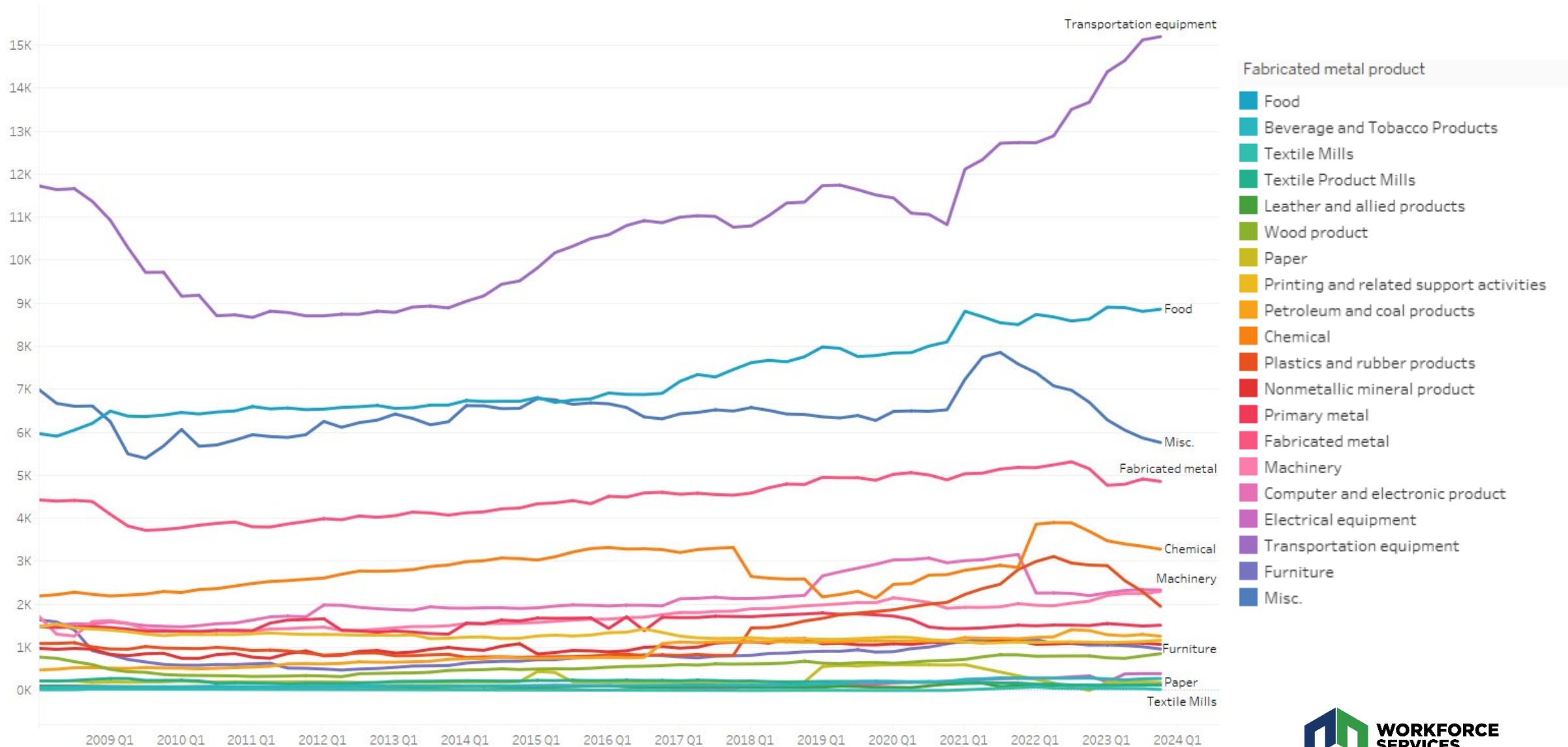


Manufacturing Employment by Detailed Industry, 2008-2023



Source: BLS and Census, Longitudinal Employer-Household Dynamics through Q4 2023

Manufacturing Employment by Detailed Industry, 2008-2023



Source: BLS and Census, Longitudinal Employer-Household Dynamics through Q4 2023

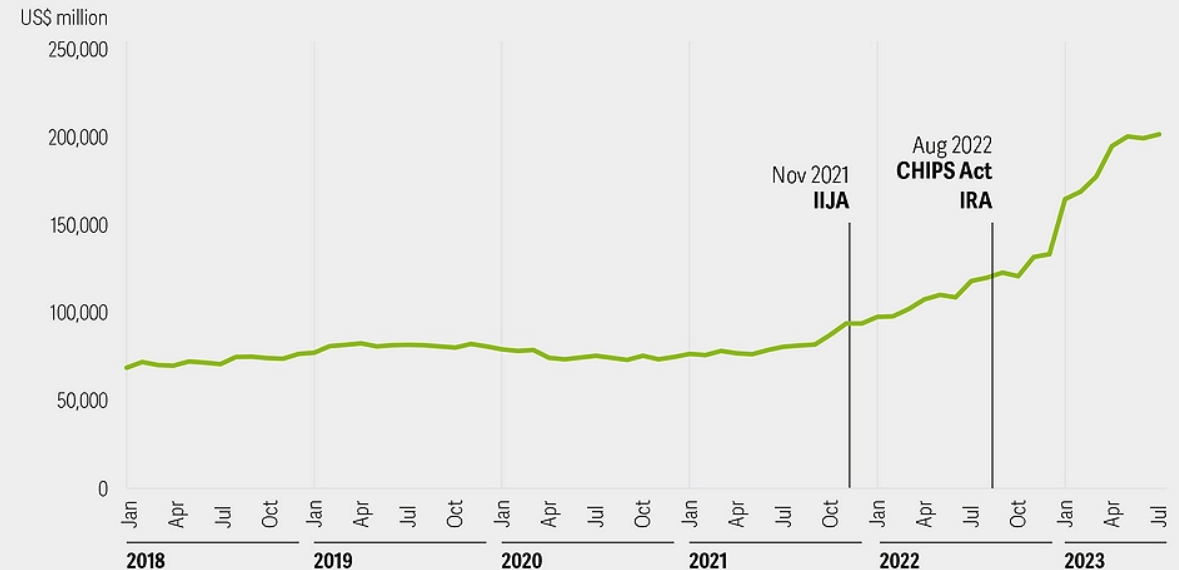
Manufacturing Trends in 2024

The federal government is investing approximately **\$2 trillion** over the next decade through three major initiatives:

- 1. CHIPS and Science Act:** Aims to boost domestic semiconductor manufacturing, with around **\$280 billion** allocated to incentivize innovation and production in high-tech sectors like semiconductors over the next 10 years.
- 2. Inflation Reduction Act (IRA):** Provides nearly **\$400 billion** for clean energy and climate initiatives, aiming to reduce carbon emissions and accelerate green technologies such as electric vehicles and renewable energy.
- 3. Infrastructure Investment and Jobs Act (IIJA):** Focuses on upgrading U.S. infrastructure, with about **\$1.2 trillion** over 10 years to improve roads, bridges, broadband access, and clean water systems.

Figure 1

Annual construction spending in the US manufacturing industry has experienced significant growth in recent years



Notes: IIJA stands for Infrastructure Investment and Jobs Act; CHIPS stands for Creating Helpful Incentives to Produce Semiconductors and Science Act; IRA stands for Inflation Reduction Act.

Source: Deloitte analysis of US Census Bureau data.

Deloitte | deloitte.com/us/en/insights/research-centers/center-energy-industrials.html

Manufacturing Trends in 2024 (Continued)

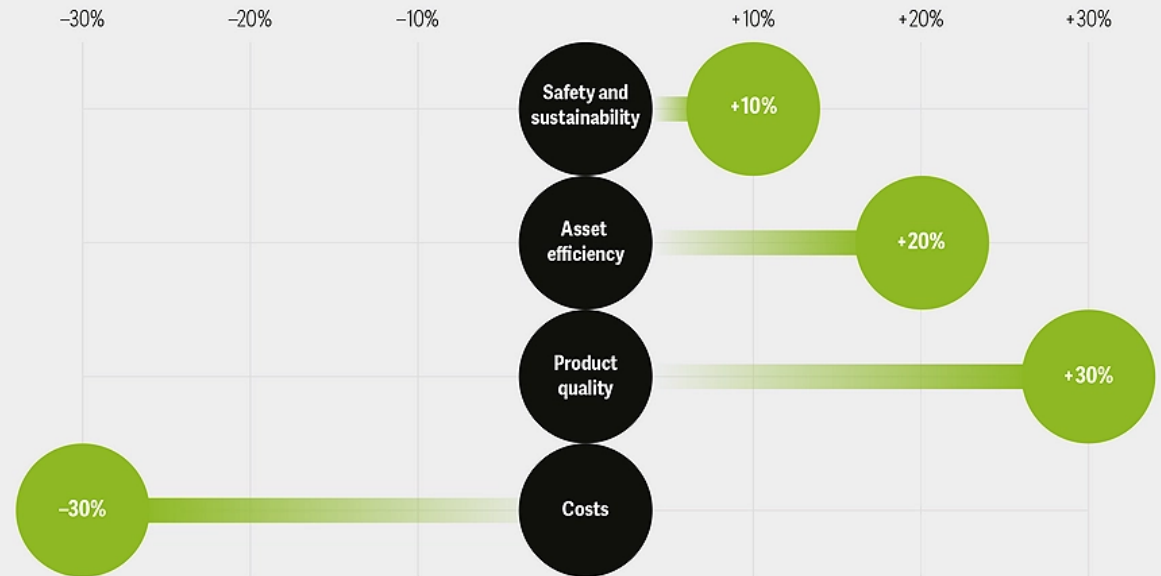
Generative AI: Research shows that predictive maintenance can reduce machine downtime by 30-50% and extend machine life by 20-40%.

Smart Factories: A Deloitte study found that over 70% of manufacturers are using data analytics and cloud computing in their factories, with nearly half incorporating IoT systems.

Labor Shortages: Automation and AI solutions are increasingly filling gaps caused by workforce challenges. 46.8% of surveyed manufacturers offer flexible scheduling for production workers.

Figure 3

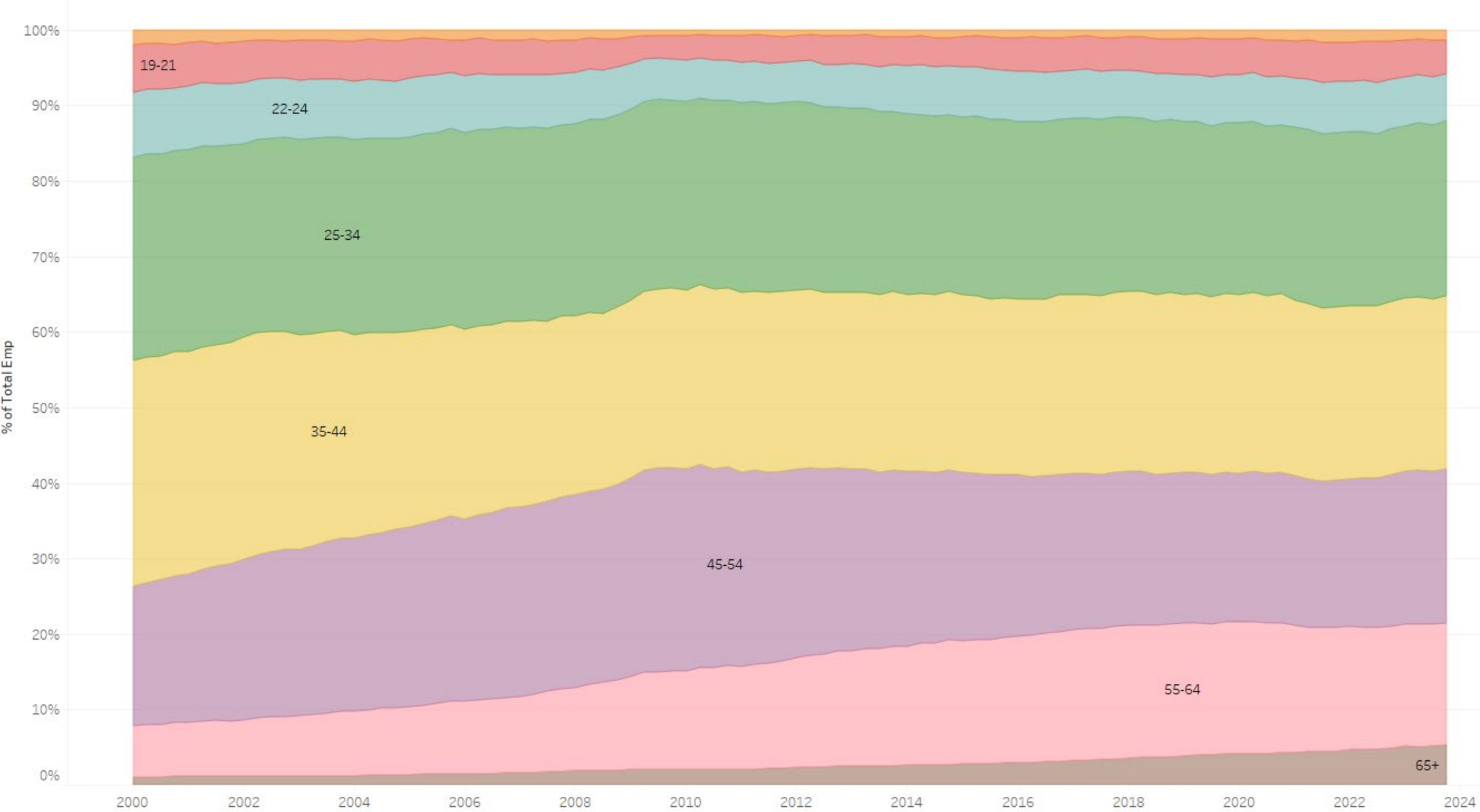
Surveyed manufacturers have benefitted from undertaking smart factory initiatives



Source: Data taken from Deloitte, "Smart factory for smart manufacturing."

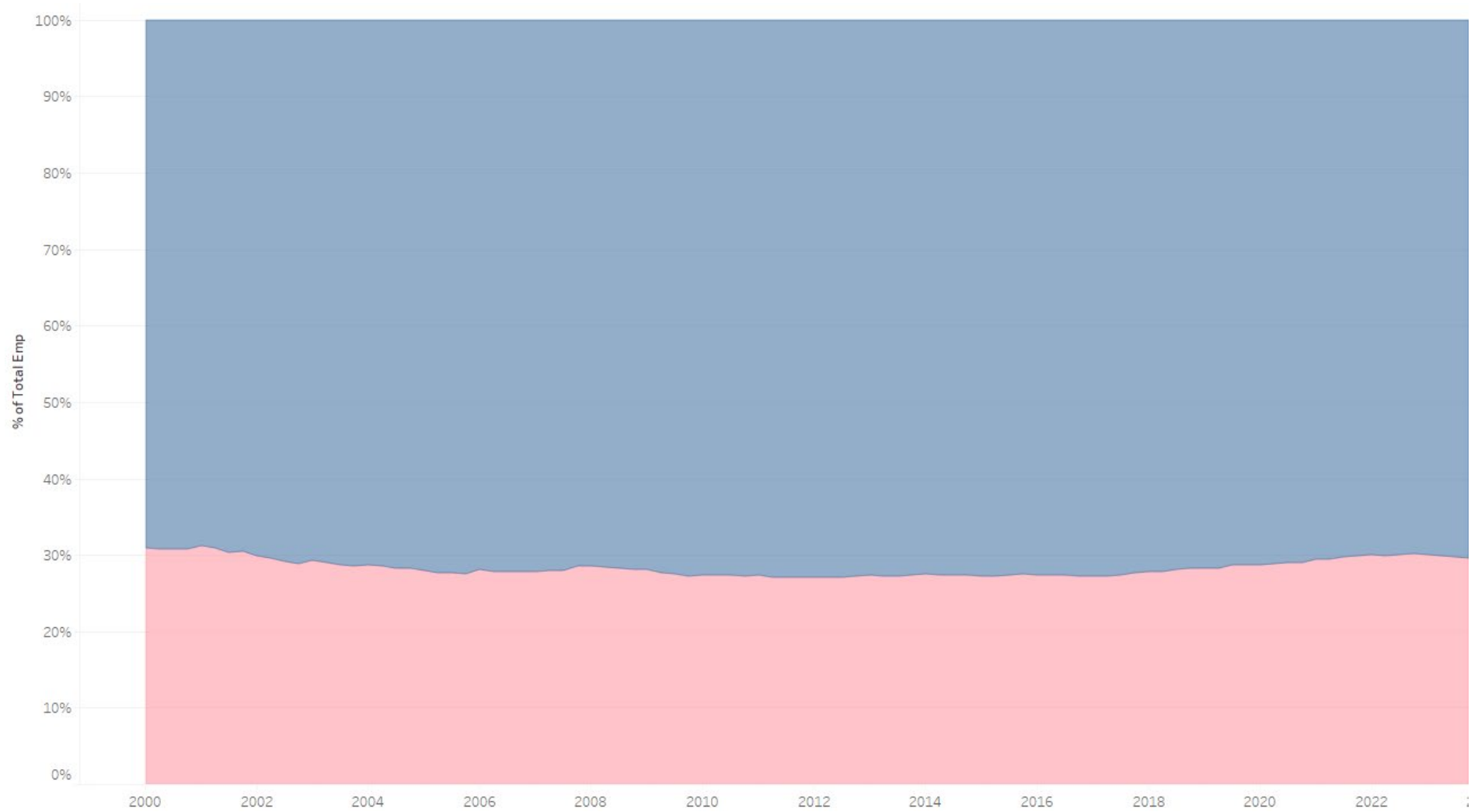
Deloitte | deloitte.com/us/en/insights/research-centers/center-energy-industrials.html

Manufacturing in Northern Utah Faces Aging Problems

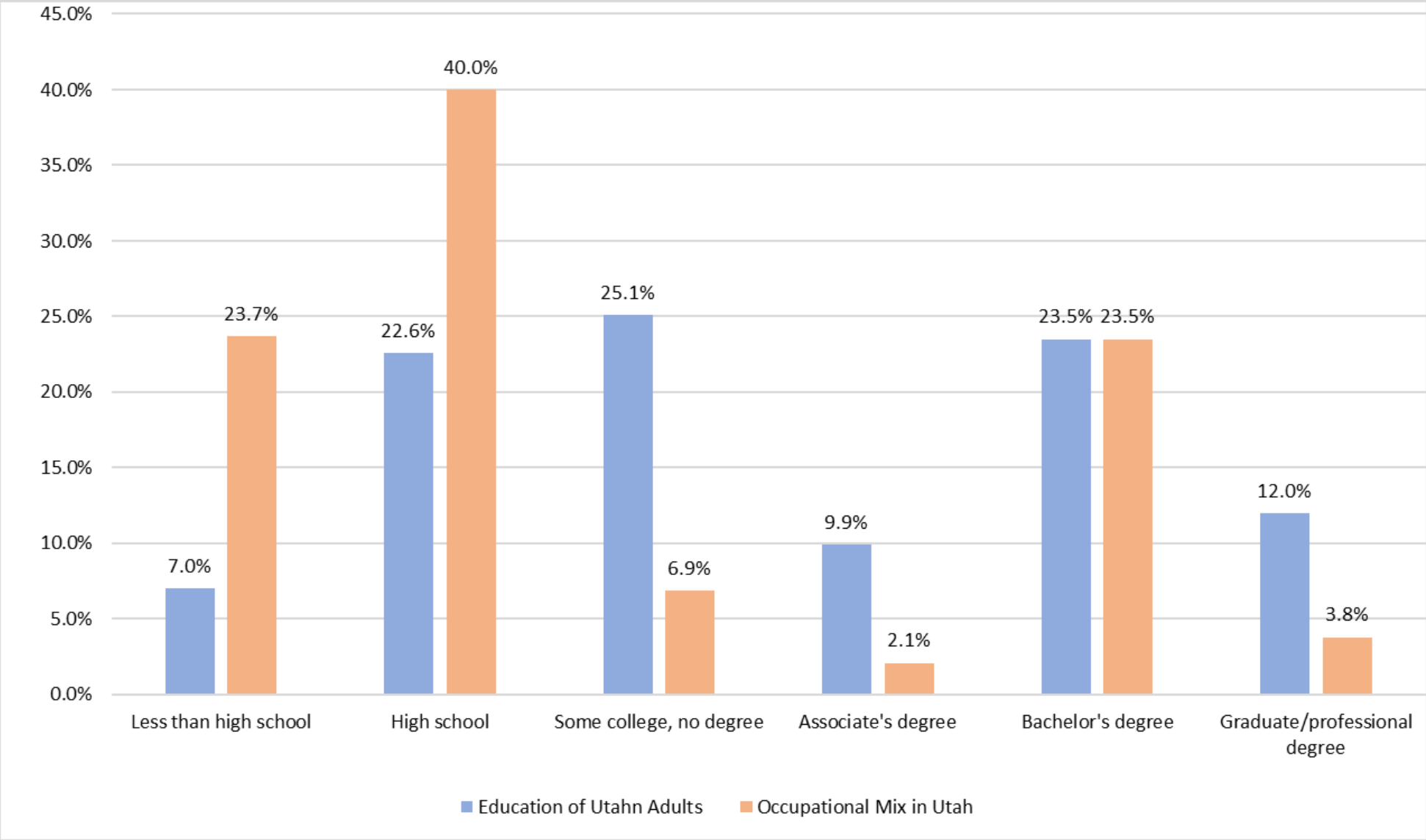


Source: BLS and Census, Longitudinal Employer-Household Dynamics

Hidden Drags on the Labor Market



Manufacturing as a Solution to Degree Bloat



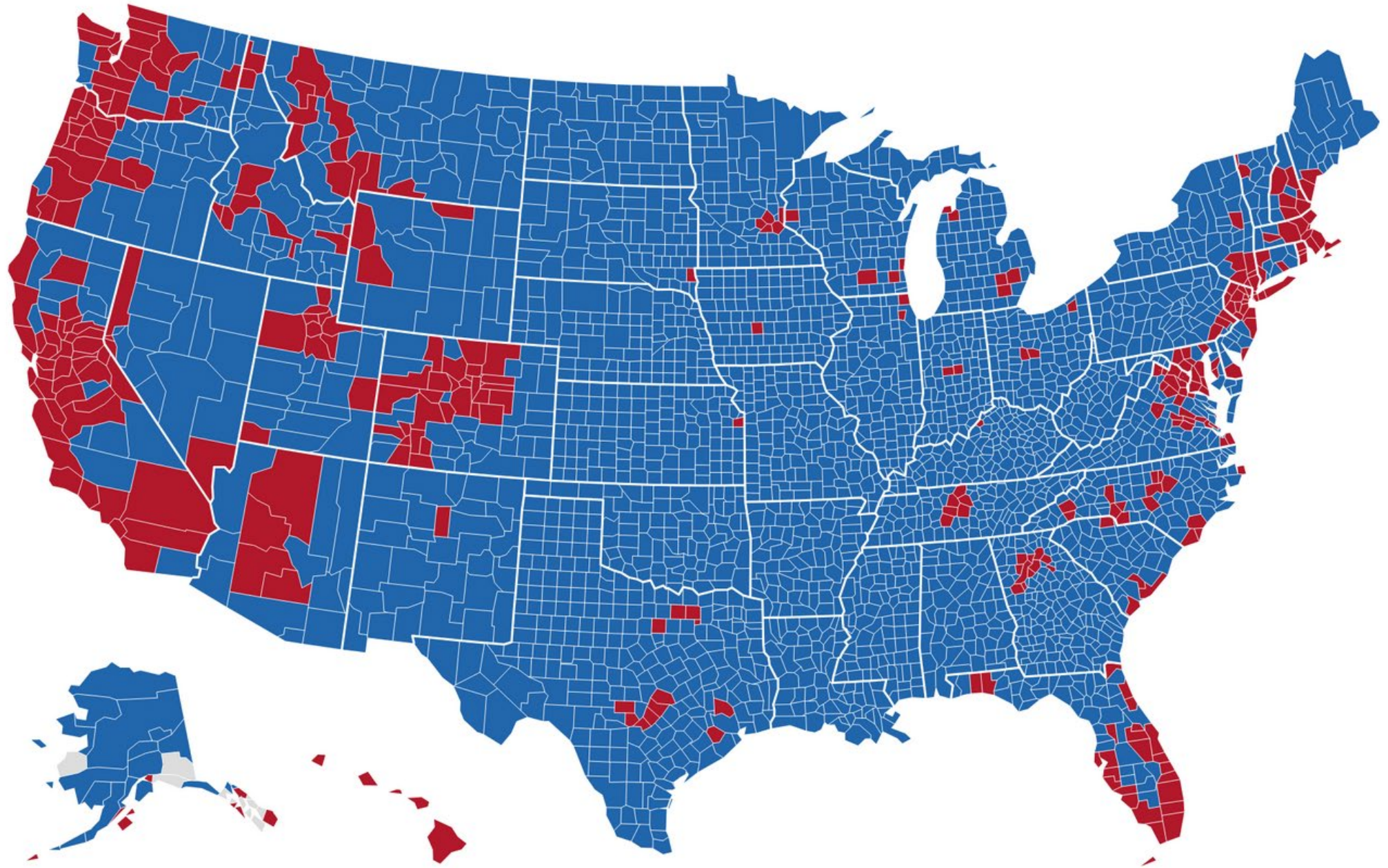
Source: American Community Survey (ACS), U.S. Bureau of Labor Statistics

Housing Up North

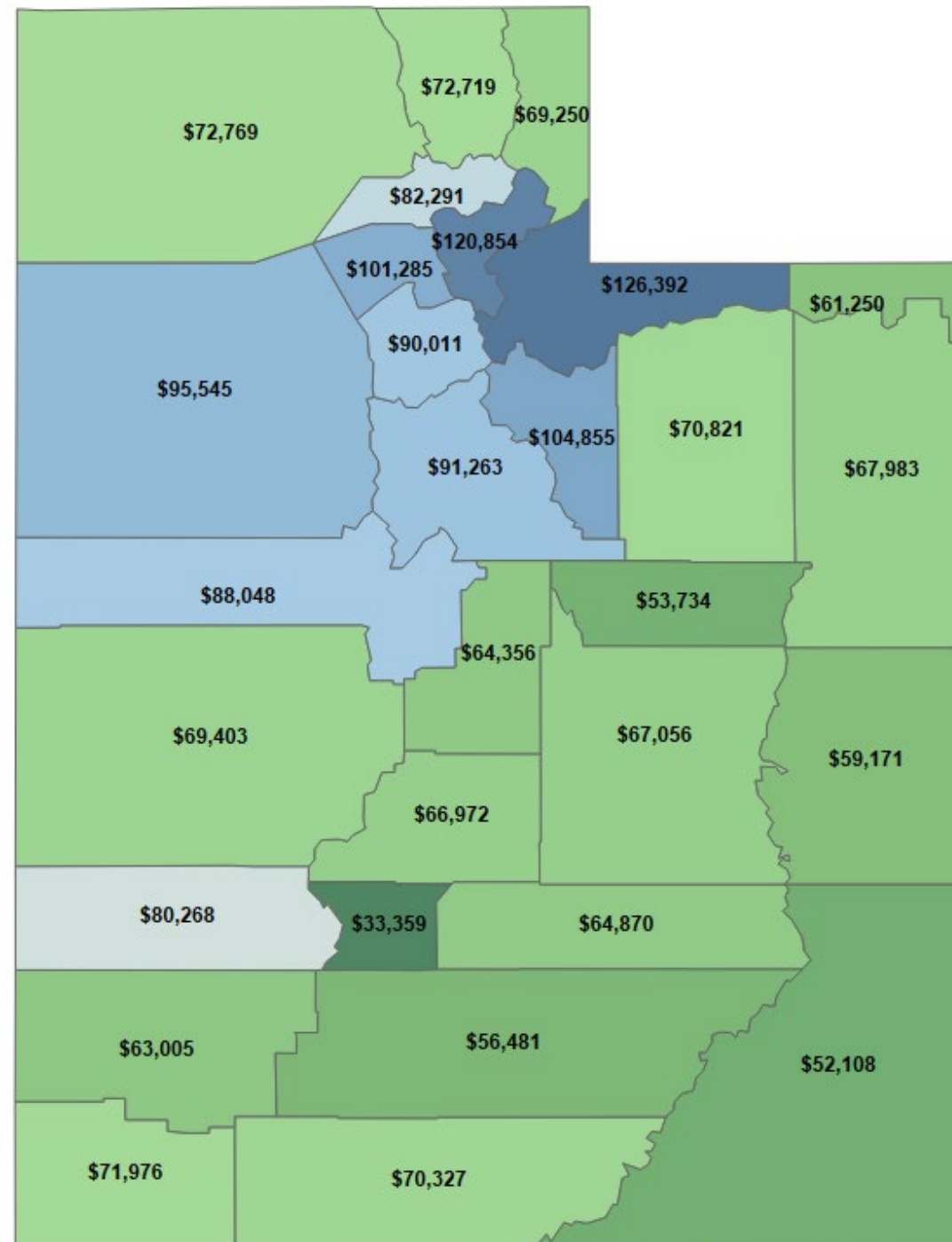


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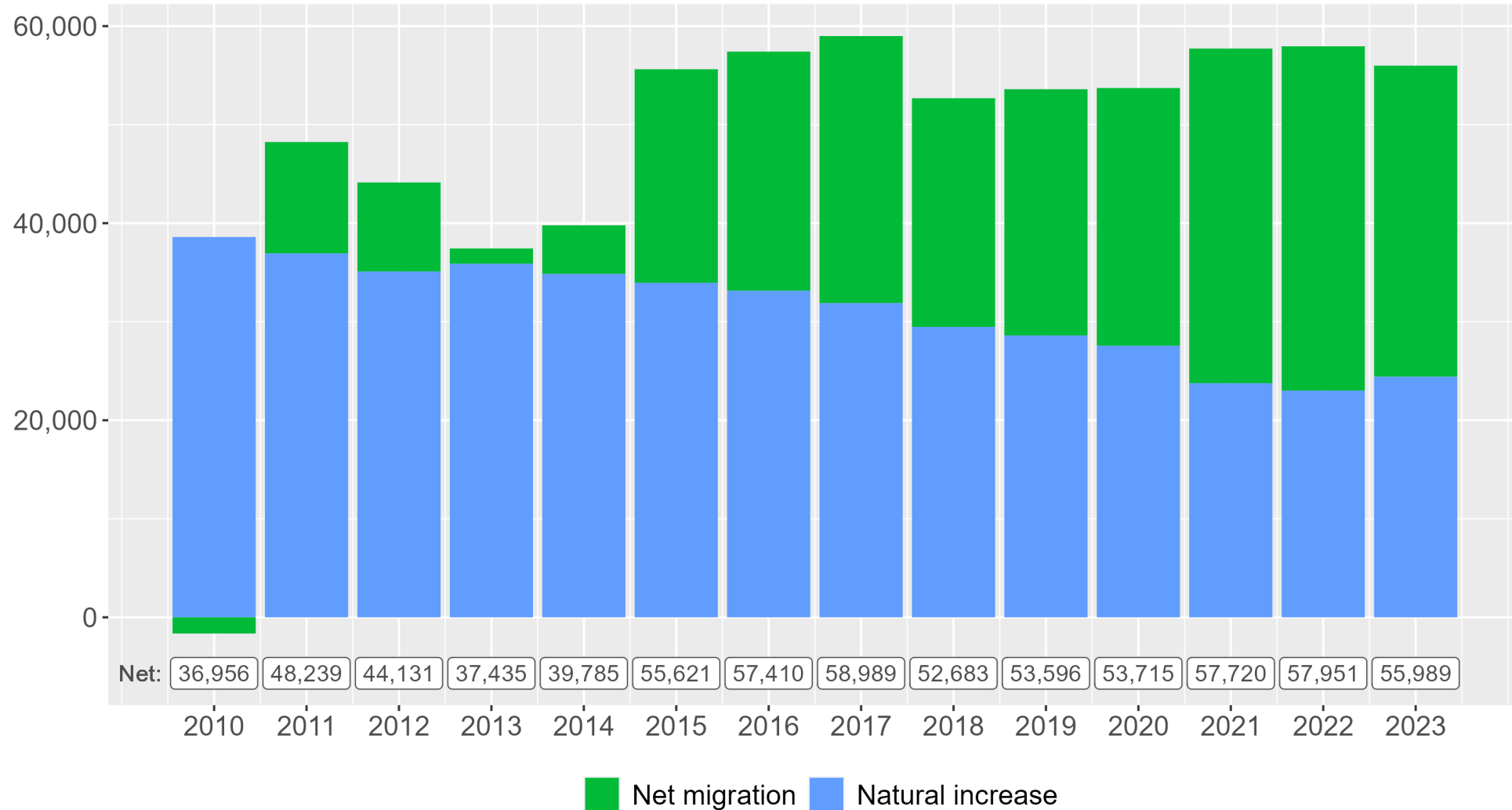
Counties with Median House Price >\$350k, Q4 2023



2022 Median Household Income



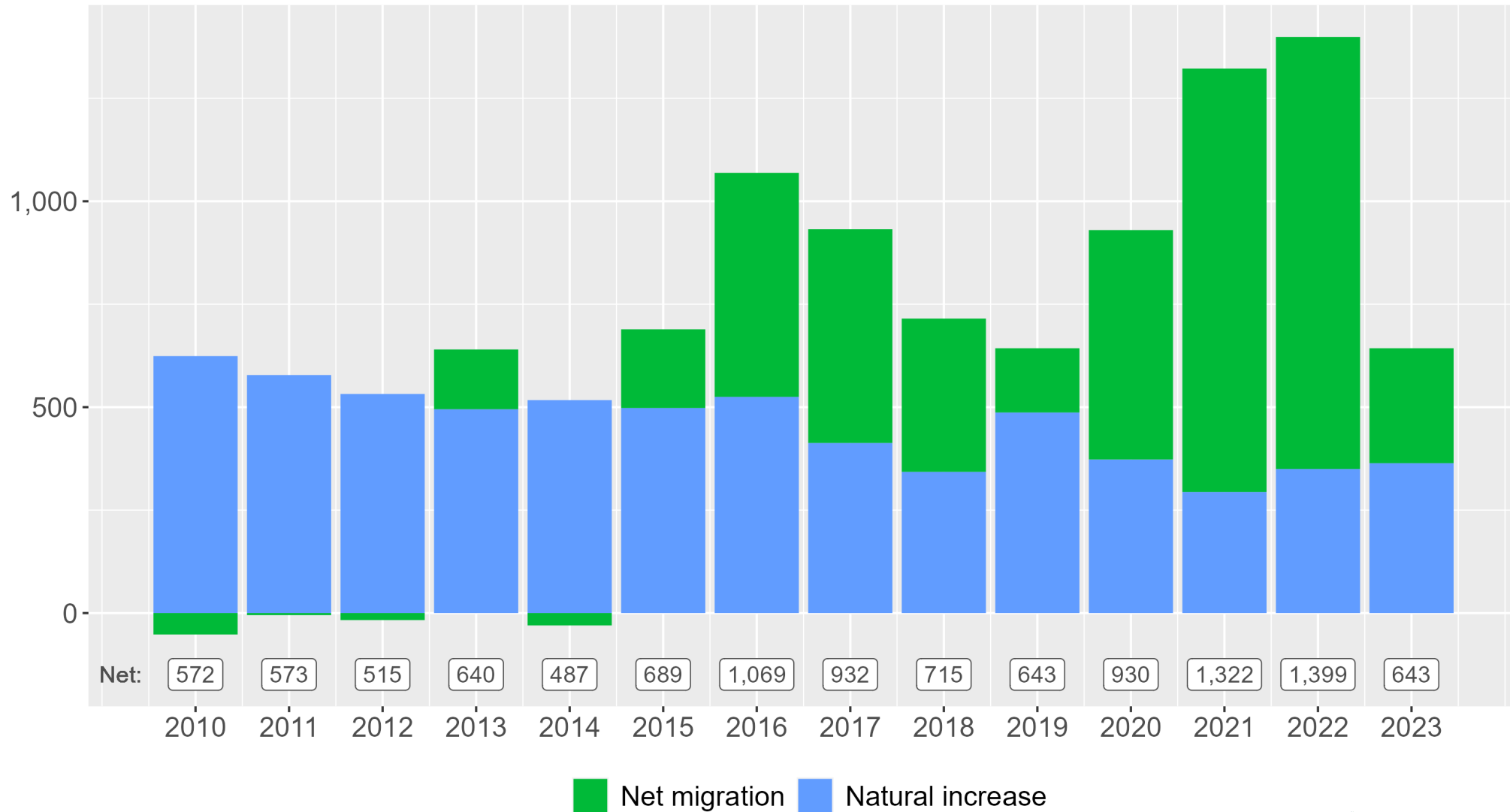
Utah: Components of population change



Source: Kem Gardner Institute, Utah Population Committee

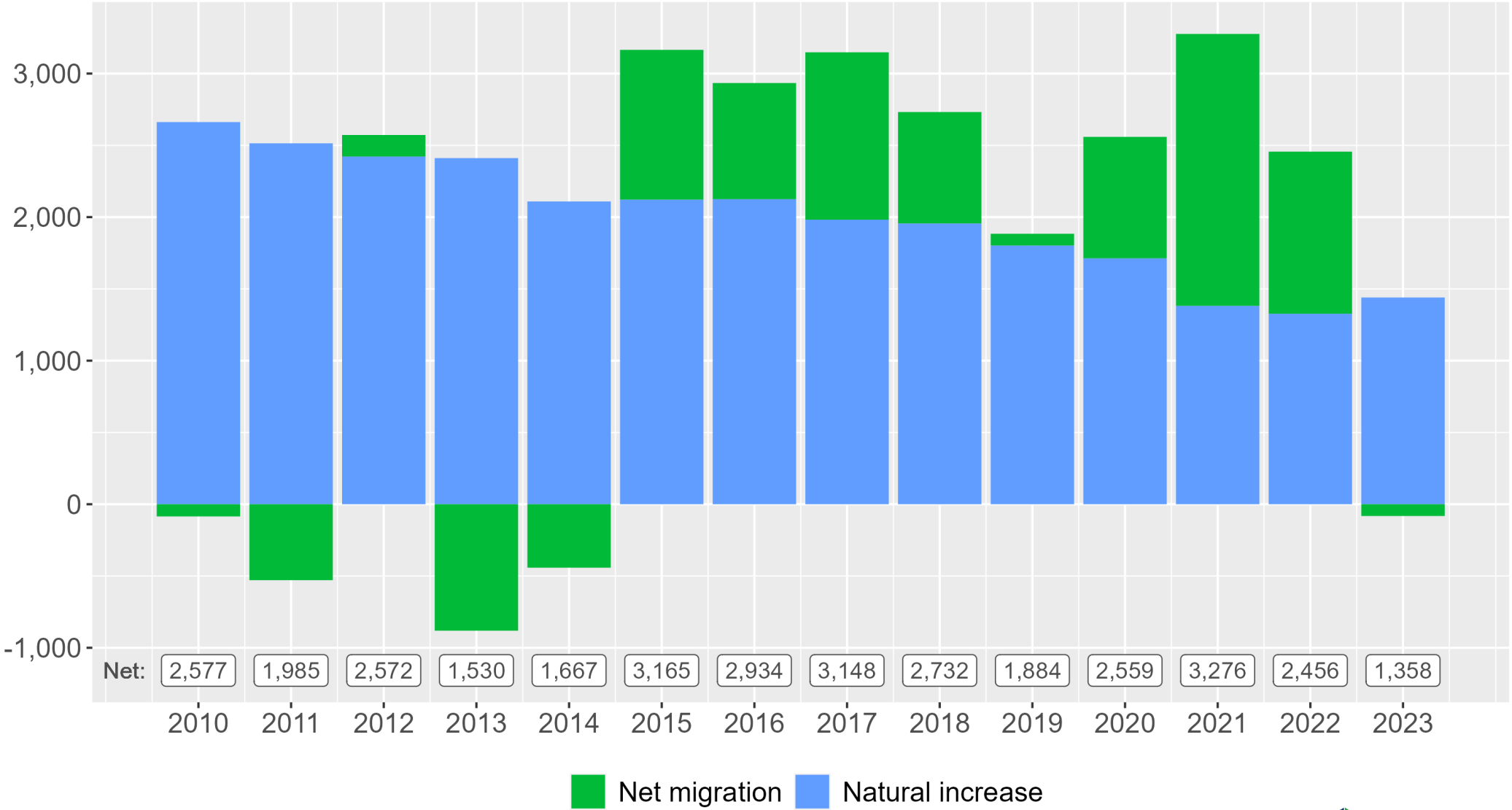


Box Elder County: Components of population change



Source: Kem Gardner Institute, Utah Population Committee

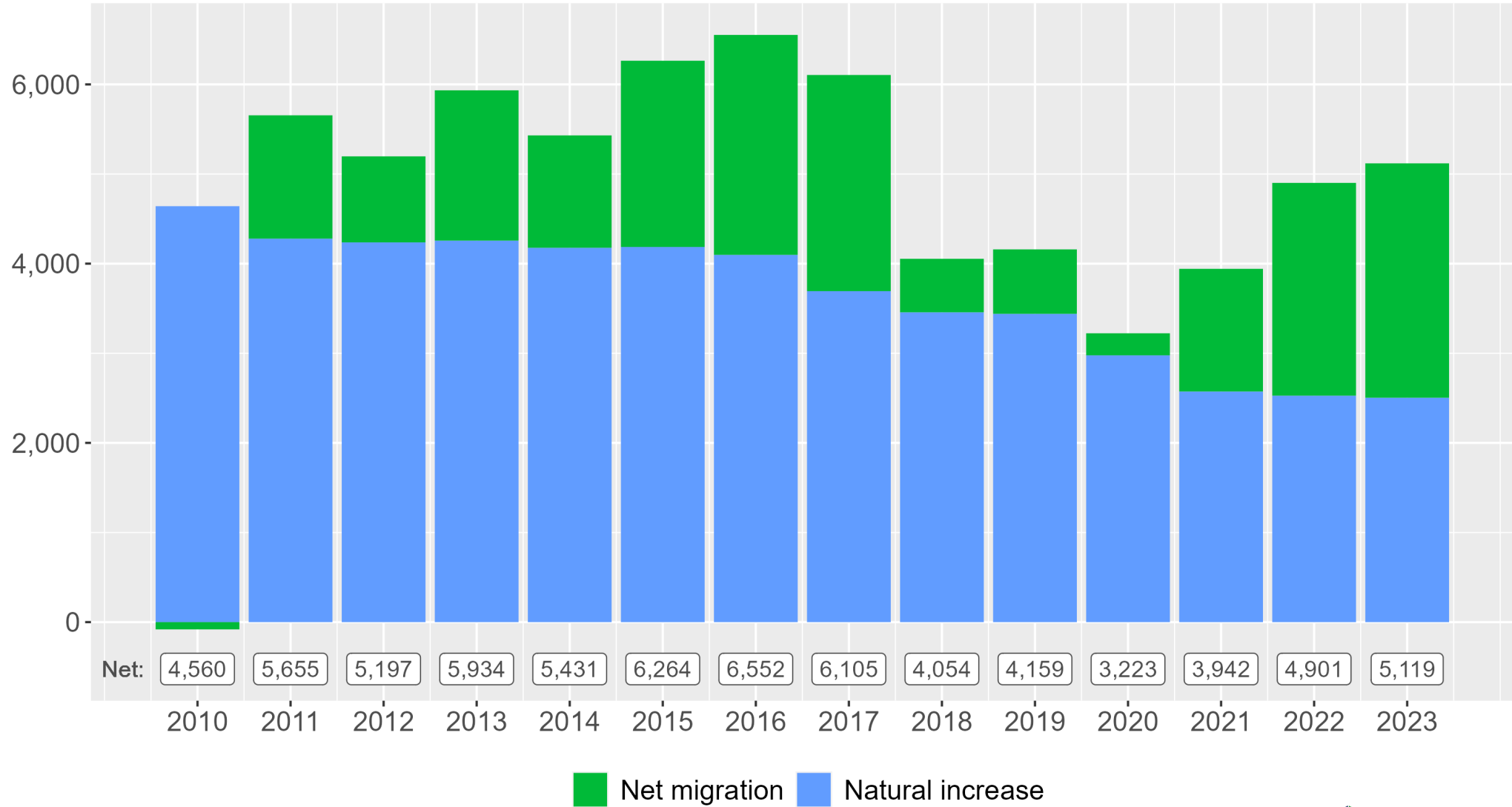
Weber County: Components of population change



Source: Kem Gardner Institute, Utah Population Committee

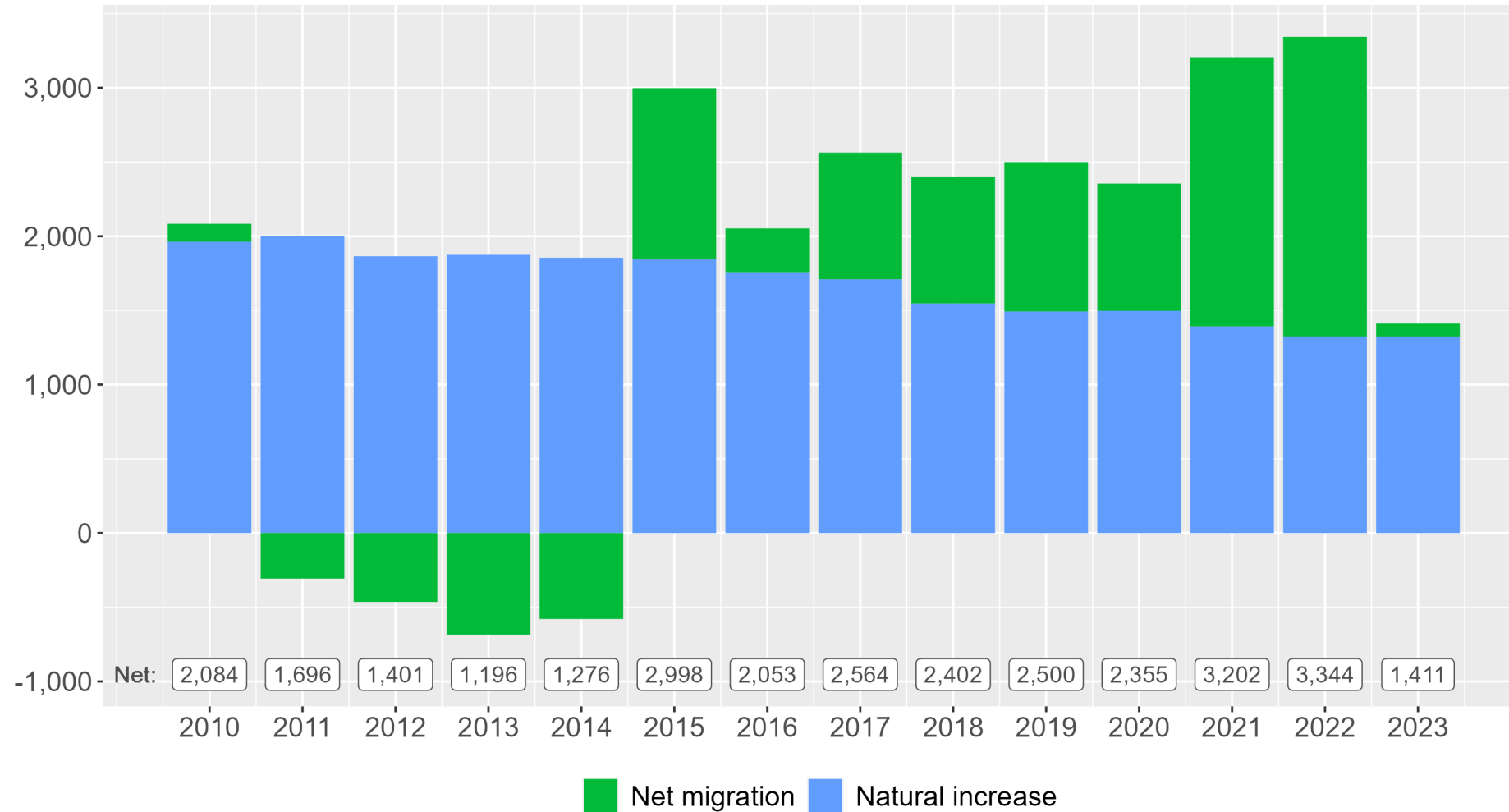


Davis County: Components of population change



Source: Kem Gardner Institute, Utah Population Committee

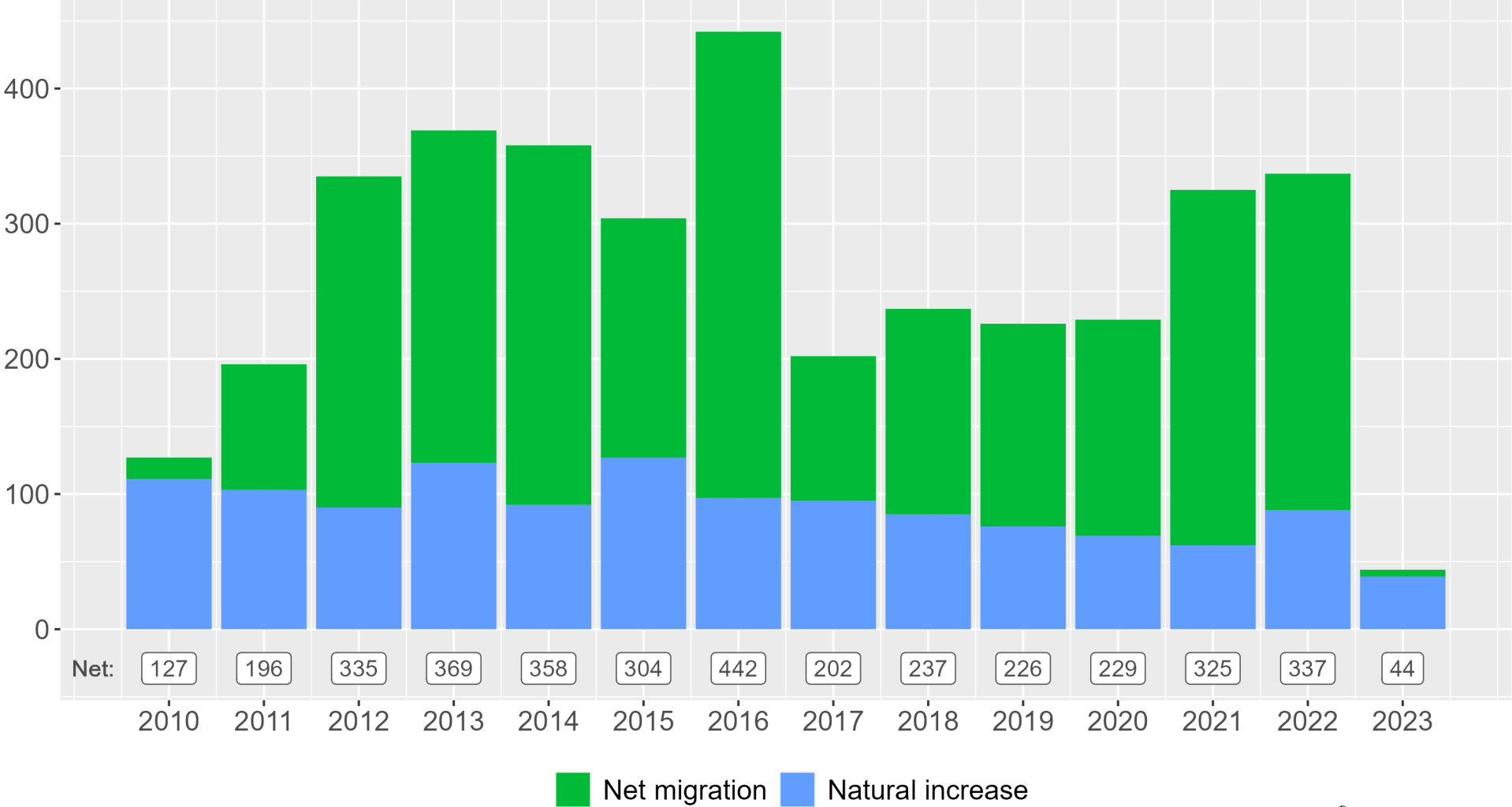
Cache County: Components of population change



Source: Kem Gardner Institute, Utah Population Committee



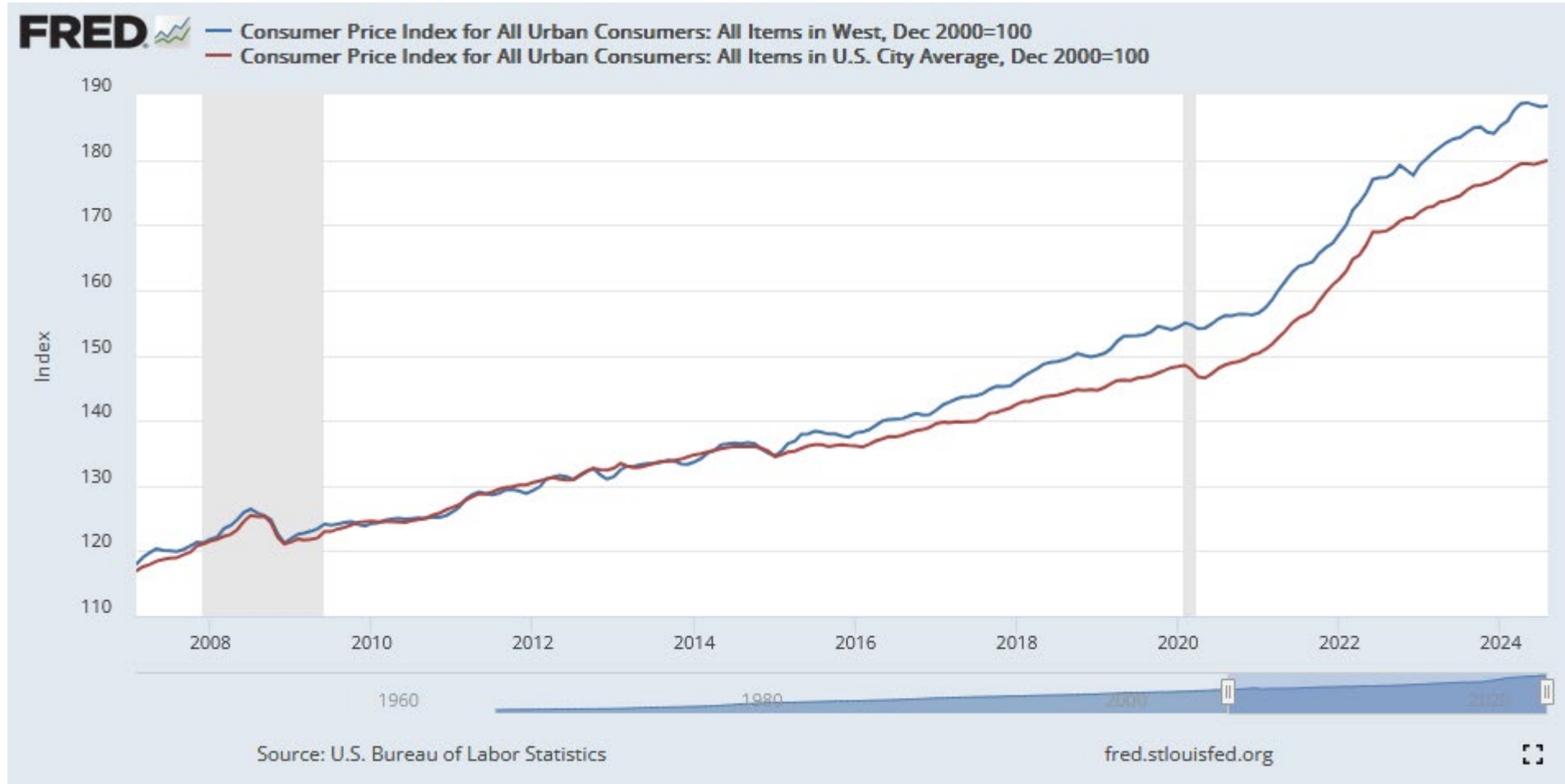
Morgan County: Components of population change



Source: Kem Gardner Institute, Utah Population Committee



Inflation in the West vs. U.S.



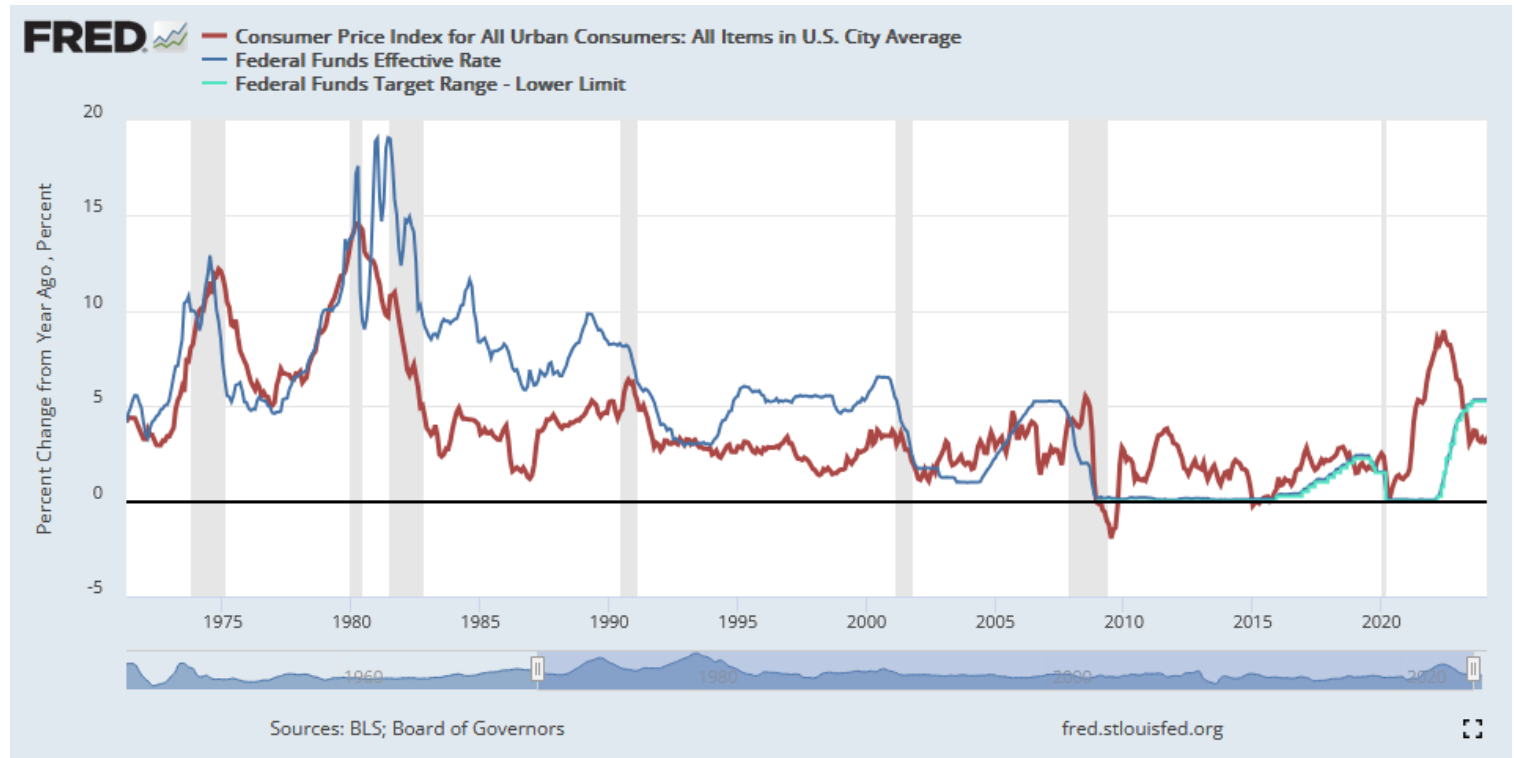
Recent Inflation and Monetary Policy

Multiple sources....

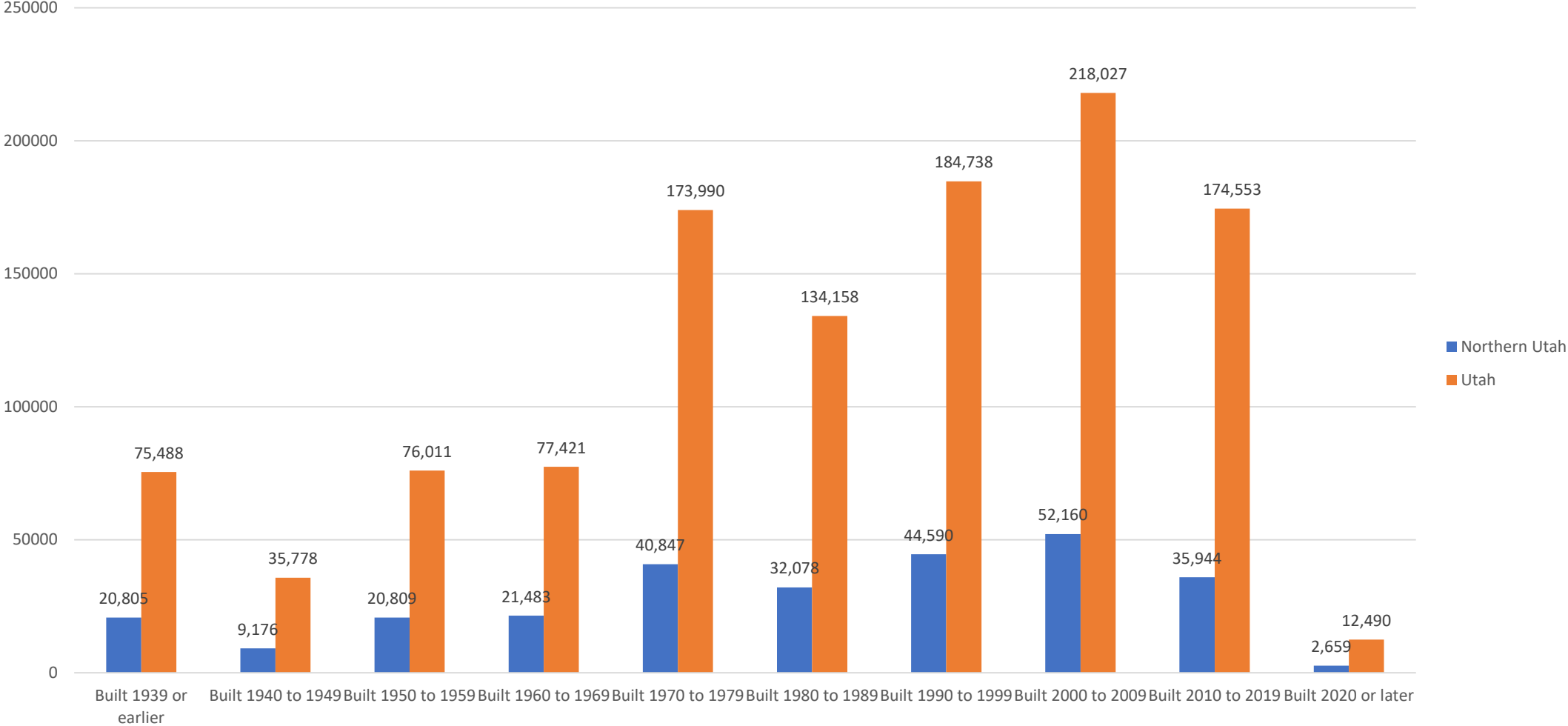
1. Federal aid from pandemic
2. High demand for goods post-pandemic
3. Labor shortage
4. International disruption
 1. Ukraine War
 2. Suez Canal
 3. Great Britain left the EU
 4. COVID blocking international trade
5. China under total lockdown

CPI 2023 – 3.4% YO.

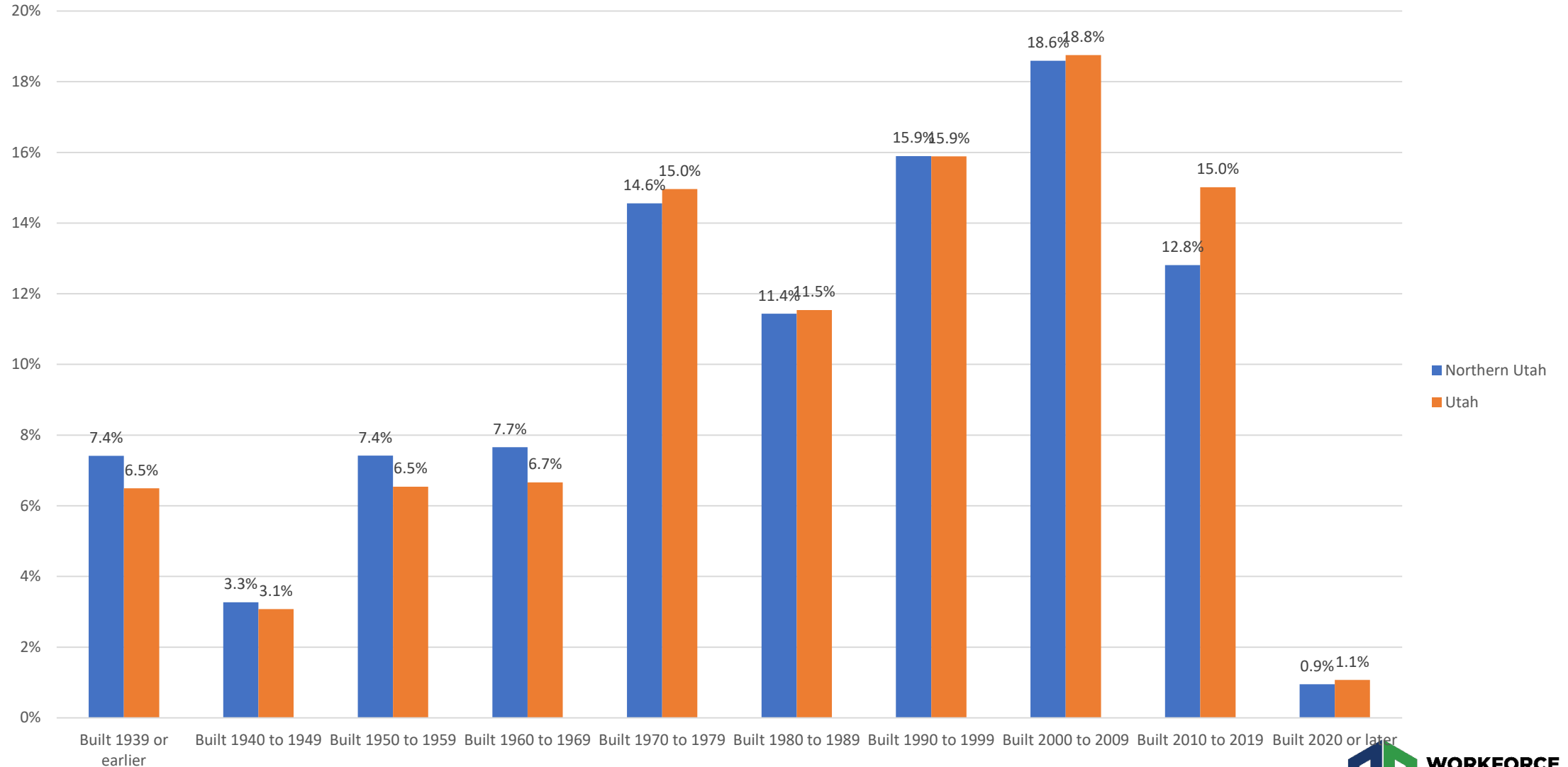
Federal Reserve dropped rate by .5% on Sep. 20, two more cuts expected.



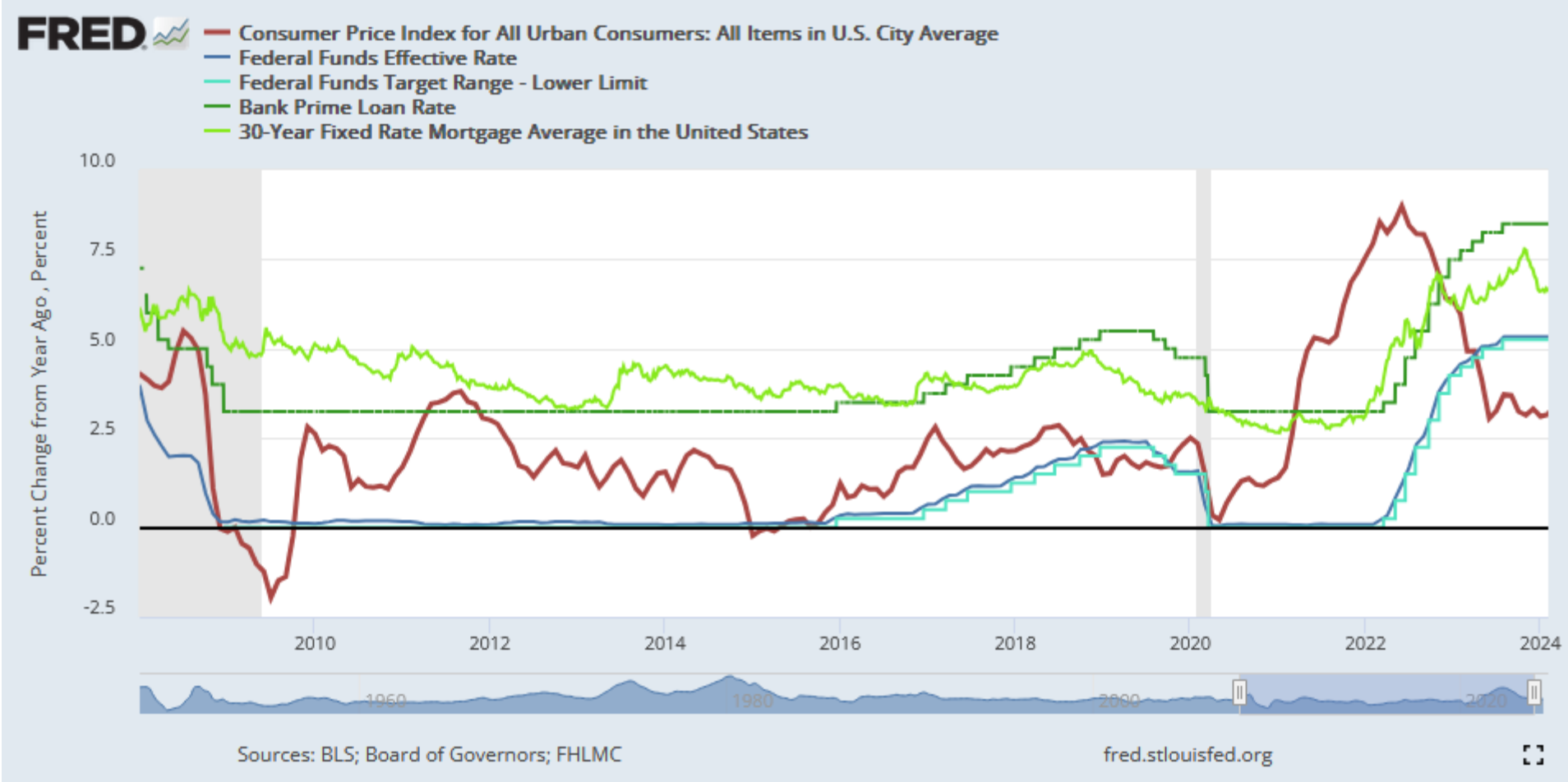
Total Homes Built by Decade, 5-Year ACS Historical Through 2022



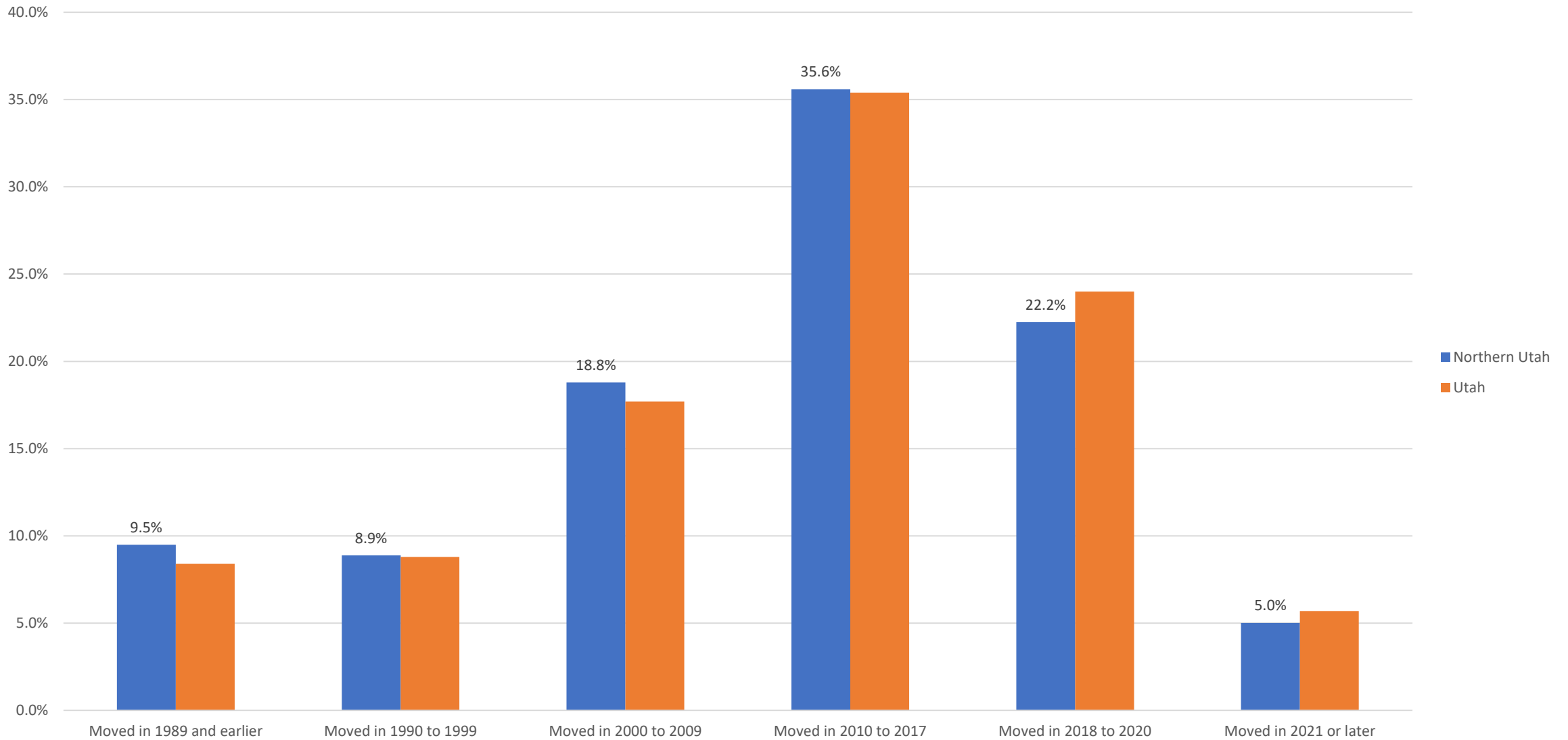
Percent of Homes Built by Decade, 5-Year ACS Historical Through 2022



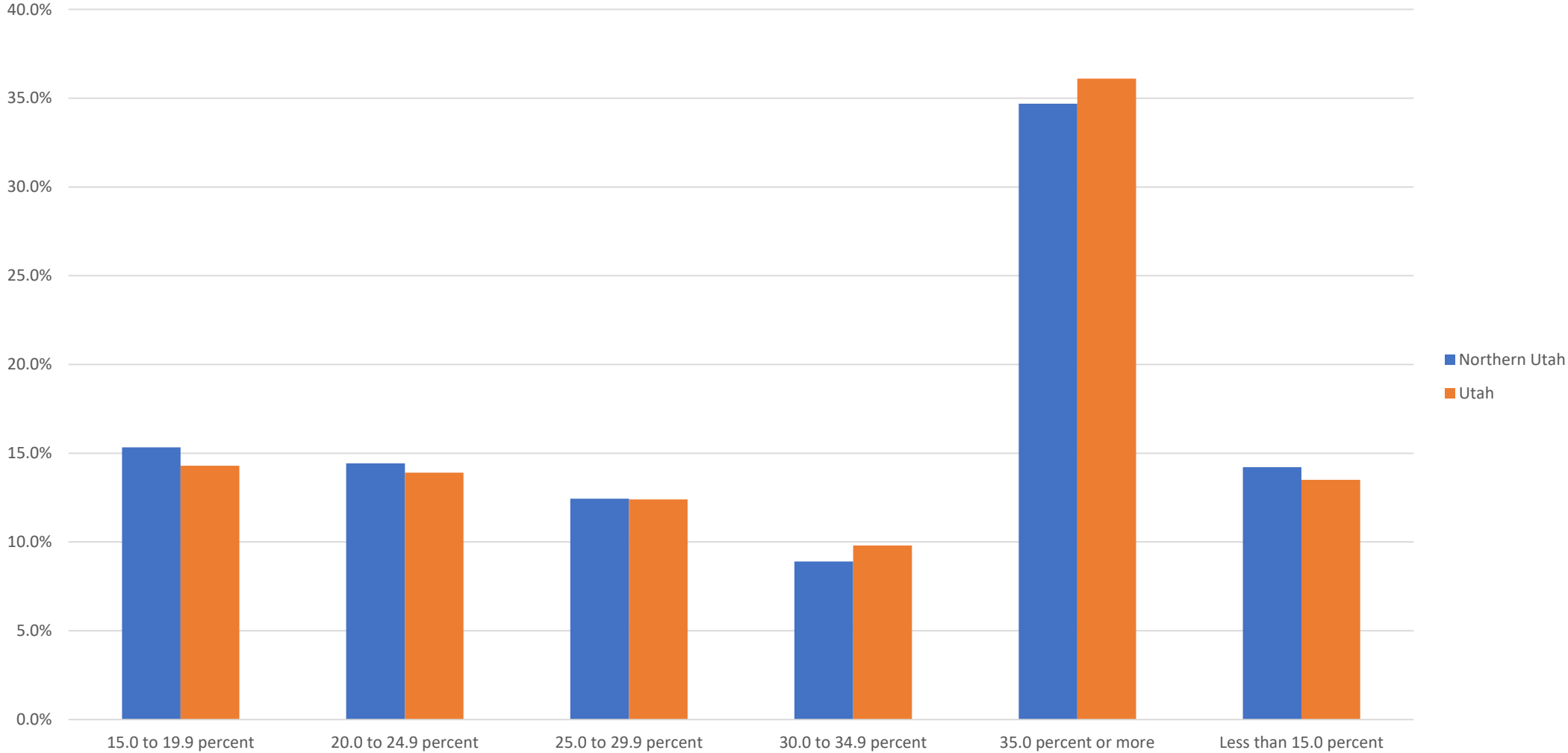
Recent Inflation and Monetary Policy



Year Householder Moved into House by Percentage, 5-Year ACS 2022

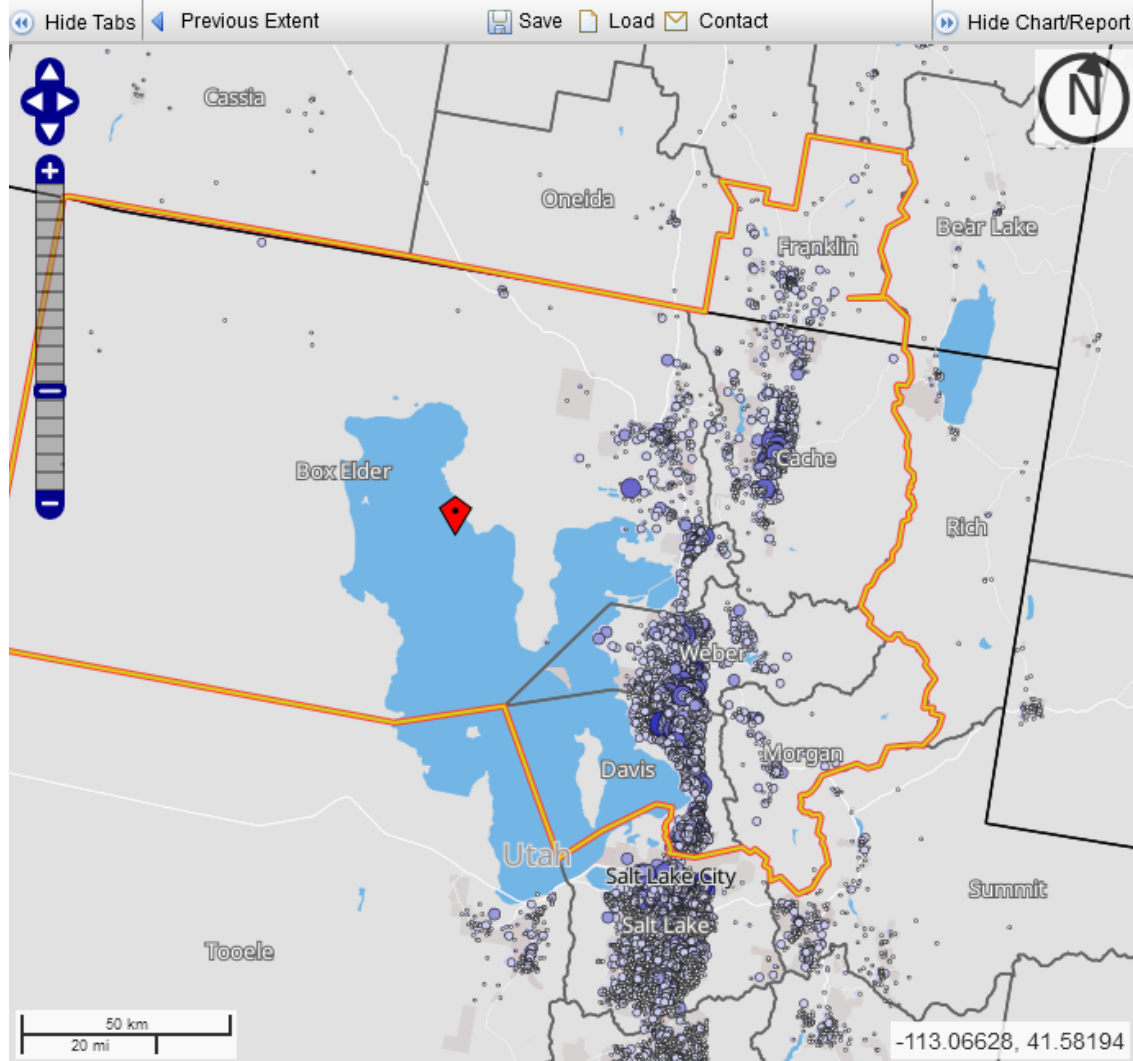


Gross Rent as a Percentage of Household Income

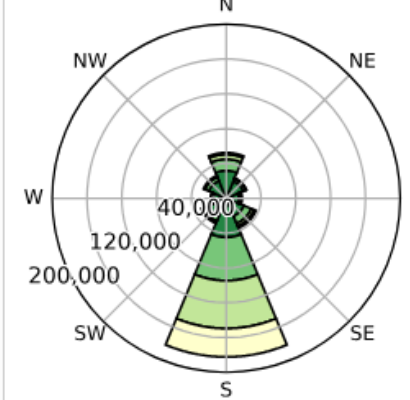


Source: U.S. Census, 2022 5-Year American Community Survey

Northern Utah Commuting Distance, 2021



Job Counts by Distance/Direction in 2021
All Workers



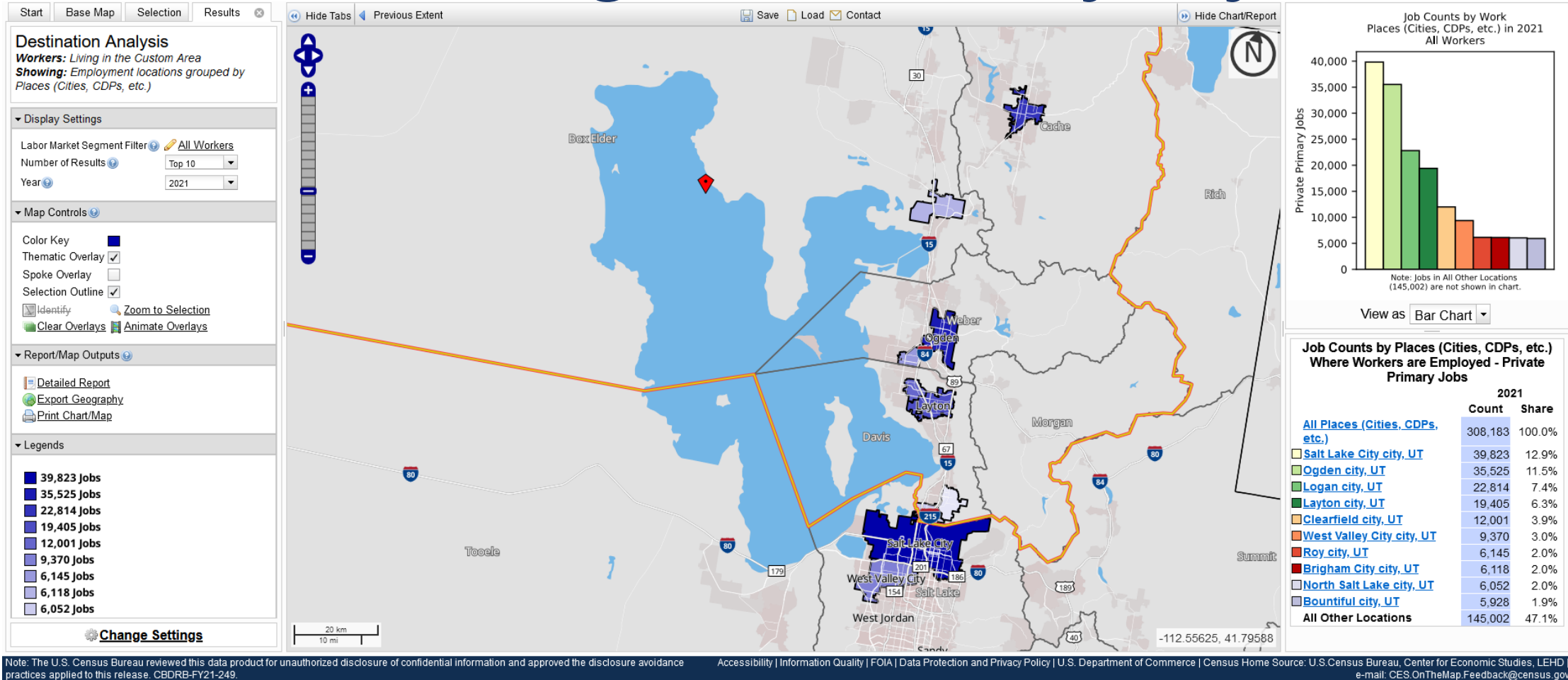
View as

Jobs by Distance - Home Census Block to Work Census Block

	2021	
	Count	Share
Total All Jobs	392,445	100.0%
Less than 10 miles	193,708	49.4%
10 to 24 miles	89,430	22.8%
25 to 50 miles	66,167	16.9%
Greater than 50 miles	43,140	11.0%

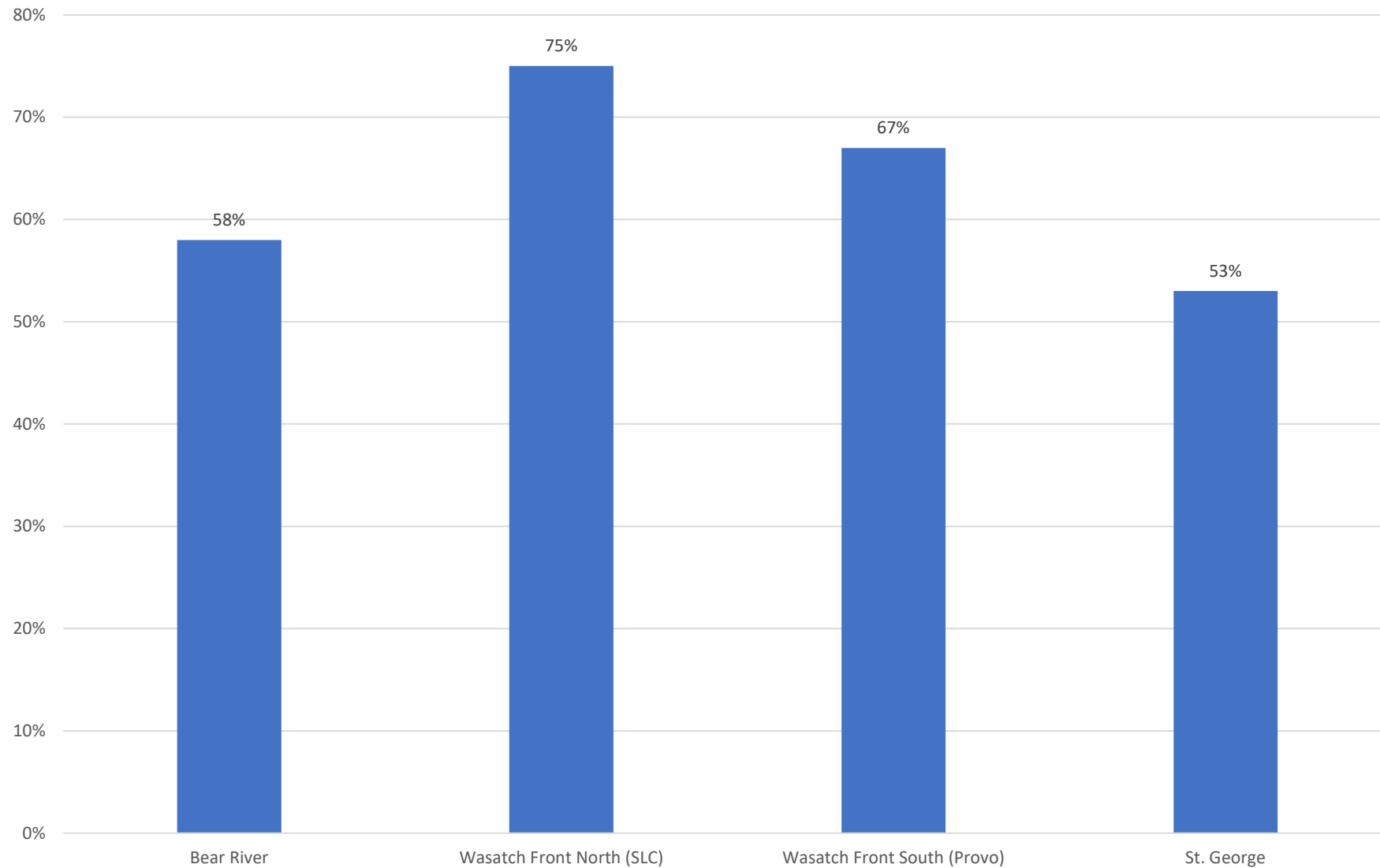
- 5 - 769 Jobs/Sq.Mile
- 770 - 3,061 Jobs/Sq.Mile
- 3,062 - 6,882 Jobs/Sq.Mile
- 6,883 - 12,230 Jobs/Sq.Mile
- 12,231 - 19,108 Jobs/Sq.Mile
- 1 - 12 Jobs
- 13 - 181 Jobs
- 182 - 916 Jobs
- 917 - 2,894 Jobs
- 2,895 - 7,065 Jobs
- 📍 Home Area

Commuting Destination by City



The single largest destination for people living in Northern Utah is Salt Lake City.

% of young who did not move between 16 and 26



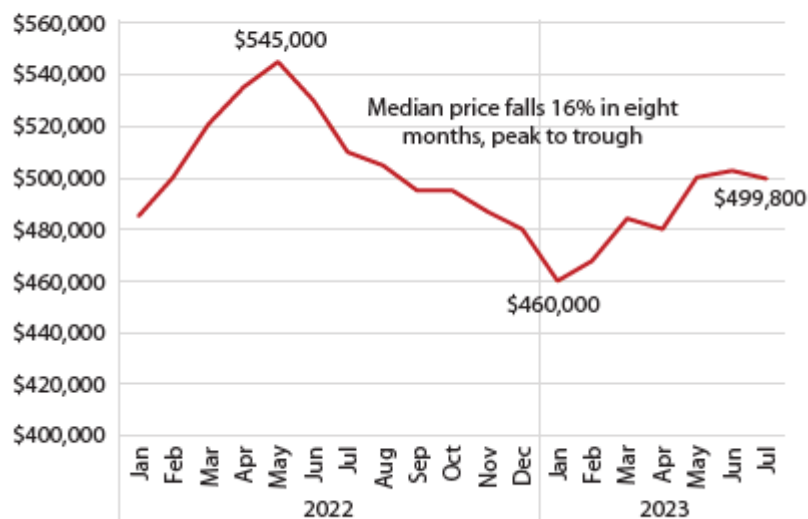
The Federal Funds Rate, the Job Market, and Expectations for the Future



October, 2024

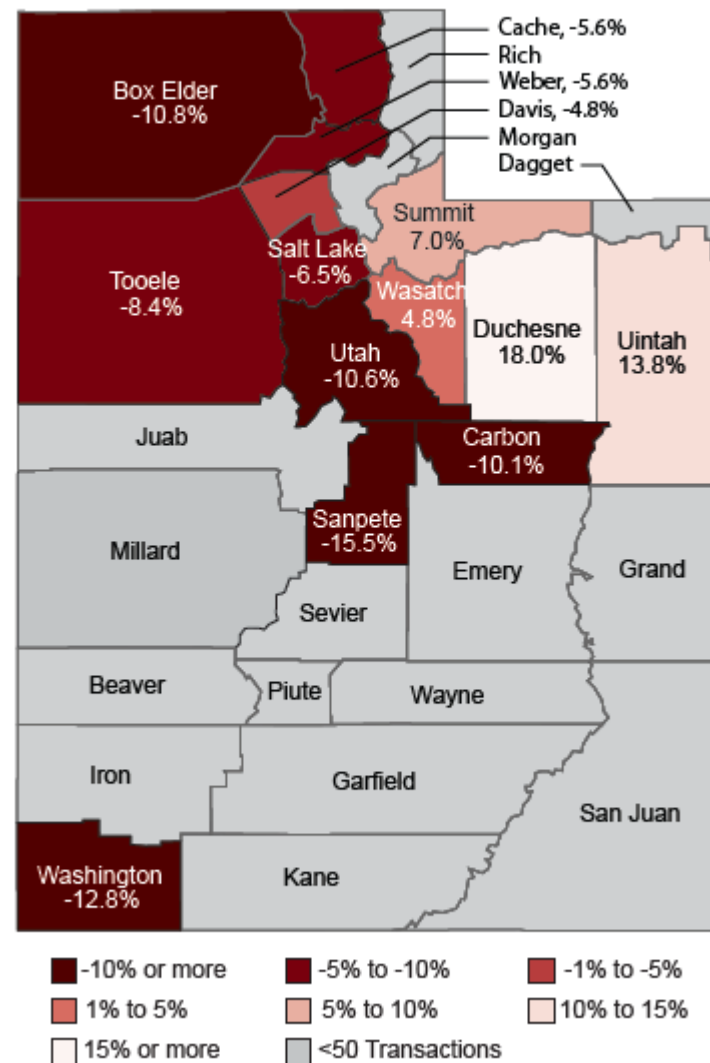
House Price Response to FFR, Q1 2022 to Q2 2023

Figure 14: Monthly Median Sales Price of Homes in Utah, Jan 2022 to July 2023
(Single-family, condominium, townhome, and twin home)



Source: UtahRealEstate.com

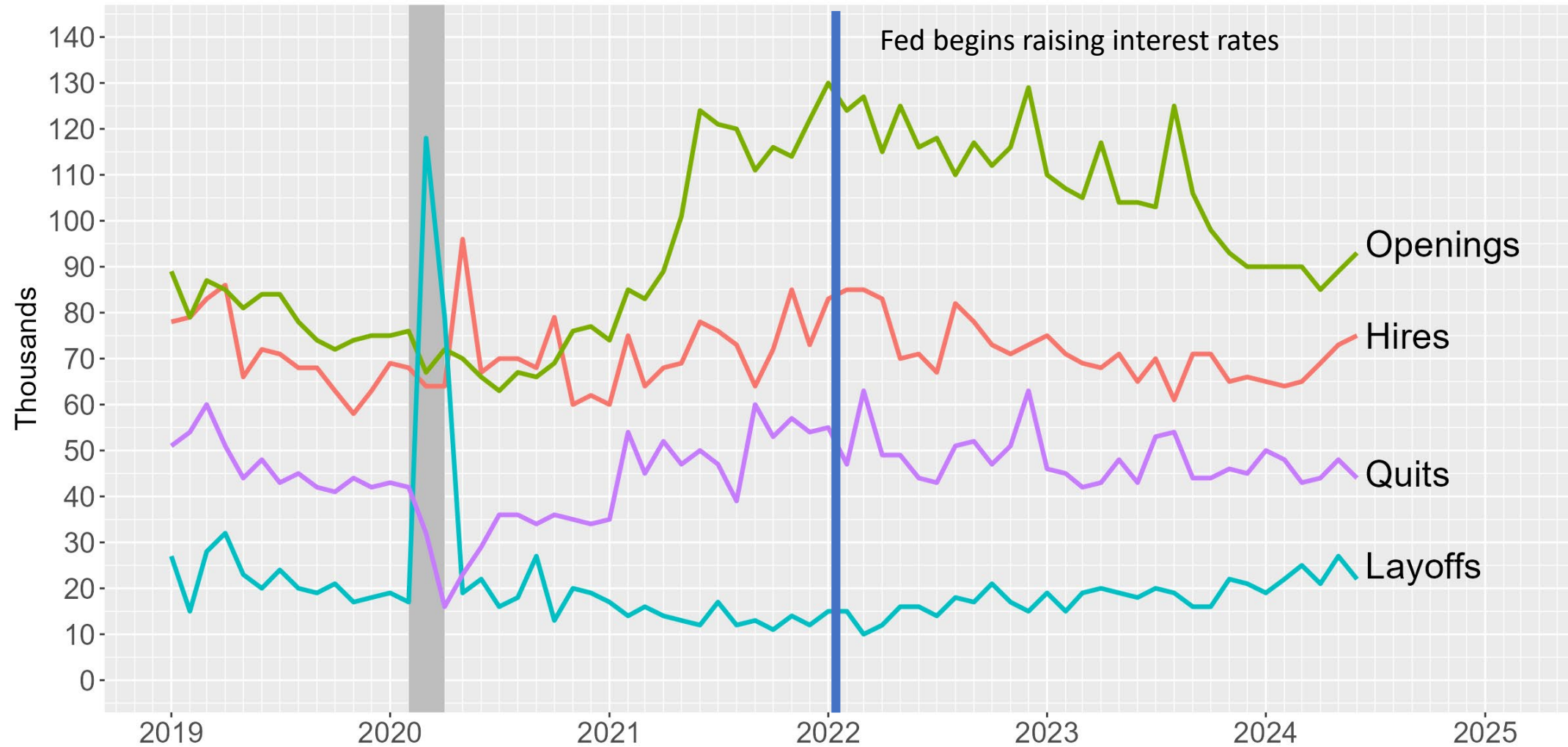
Figure 13: Change in Utah Median Sales Price by County, 2023
(Year-over change Q2)



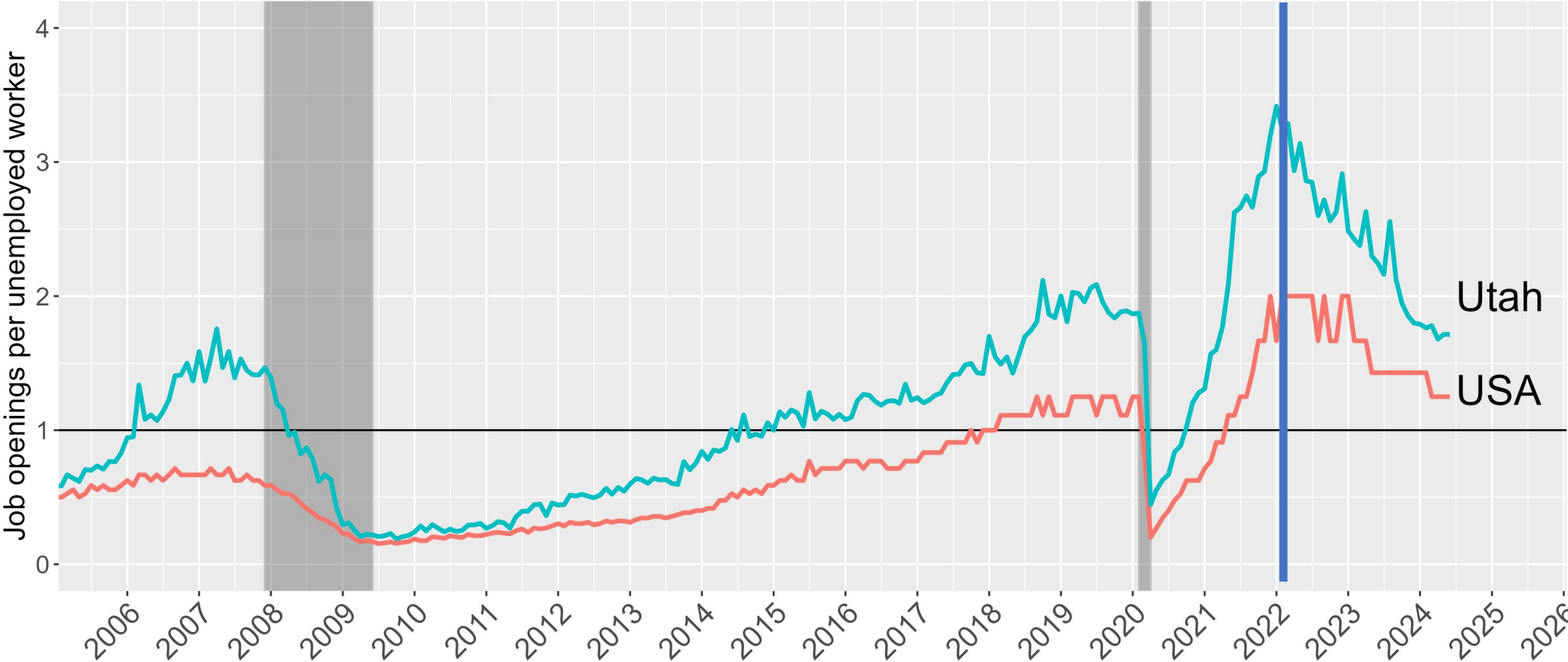
Source: UtahRealEstate.com and Utah Association of Realtors for Washington County data

Utah Labor market showing some cooling

Job Openings trending downward



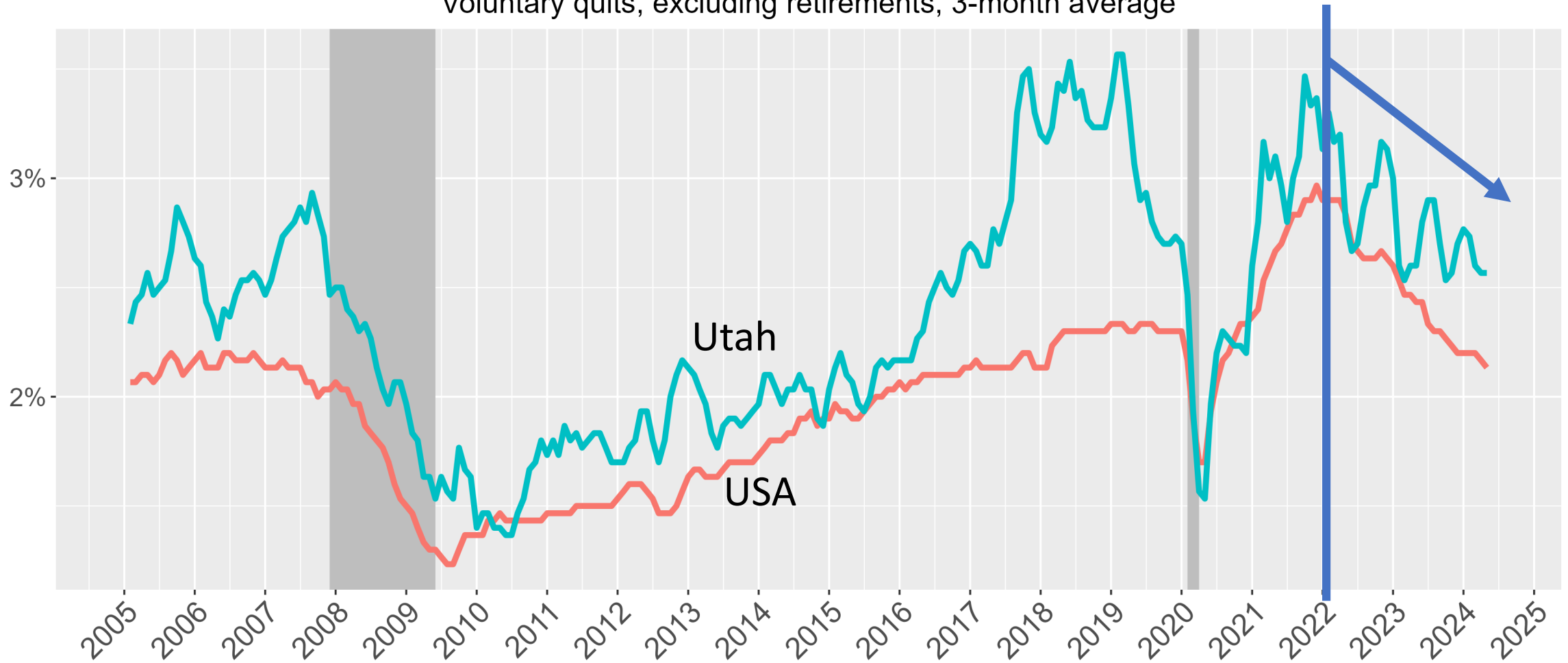
Job openings per unemployed worker



Labor market showing some cooling

Quits rate, Total nonfarm employment

Voluntary quits, excluding retirements, 3-month average



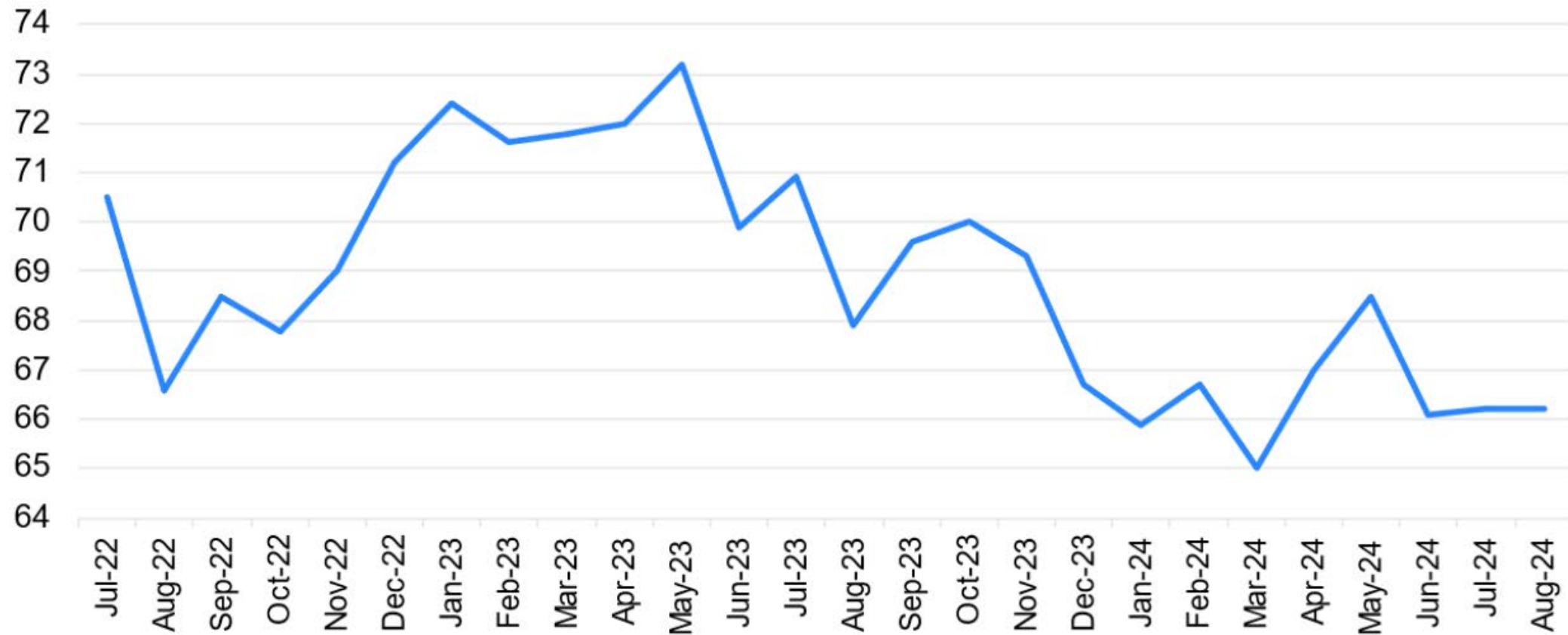
Note: Voluntary quits, excluding retirements, seasonally adjusted.

Source: Bureau of Labor Statistics



Consumers Less Concerned About Recession Ahead

Perceived likelihood of a US recession over the next 12 months *"Somewhat + Very Likely" (Percent)*



Source: The Conference Board, Consumer Confidence Survey®



Utah Economic Council Forecast for Selected Economic and Business Indicators, 2024 and 2025

September 2024 Forecast

U.S.

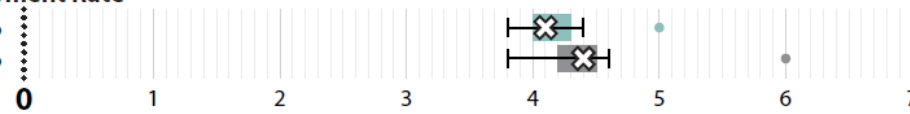
U.S. CPI Inflation Rate

2024: 2.9%
2025: 2.5%



U.S. Unemployment Rate

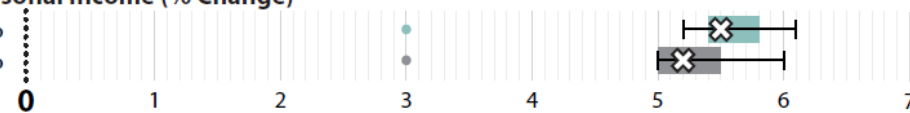
2024: 4.1%
2025: 4.4%



Utah

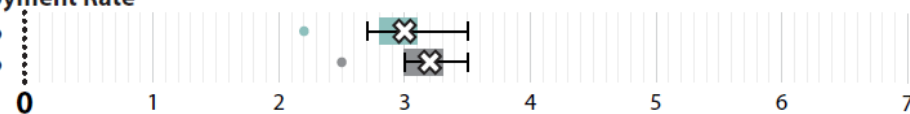
Utah Total Personal Income (% Change)

2024: 5.5%
2025: 5.2%



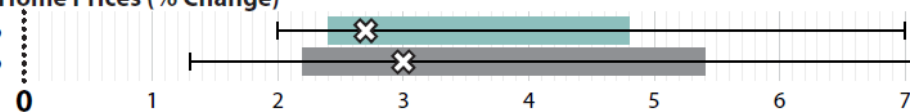
Utah Unemployment Rate

2024: 3.0%
2025: 3.2%



Utah Average Home Prices (% Change)

2024: 2.7%
2025: 3.0%



Central Tendency (Middle 50% of Projections)
 Council Point Forecast
 Range of Point Projections
 Outliers

Note: "Council Point Forecast" (X) represents the median value. "Middle 50%" (grey box) represents the 25th to 75th percentile range of values. "Range of Point Projections" (whiskers) represents the range of values falling within the limits calculated as 1.5 times the Middle 50% range below and above the 25th and 75th percentile values, respectively. "Outliers" (dots) show forecasts outside the "Range of Point Projections".

Source: Utah Economic Council

Economic Council Member Survey

Percent indicating Utah currently in recession

0%

Percent indicating U.S. currently in recession

0%

Median probability of Utah recession in 2024

15%

Median probability of U.S. recession in 2024

20%

Median probability of Utah recession in 2025

25%

Median probability of U.S. recession in 2025

30%

Primary Utah Economic Risks:

- Housing Prices & Supply
- Cost of living/affordability
- Low wage growth

What does this look like going forward?

Re-Examining Classic Labor Market Views

Employees

"Higher education will get me the job I want."

"I will move to get the job I want."

"Immigrants are taking my job."

"The company comes first."

Employers

"I expect plenty of applicants, so I limit the field with detailed, specific job requirements."

"I'll screen out as many applicants as possible before interviews to avoid hassle."

"I won't train; I prefer workers already skilled in what I need."

"Our pay is fixed. If a worker doesn't like it, I can find someone else."

"We can lay off people during slow times and easily replace them when needed."



UTAH DEPARTMENT OF
**WORKFORCE
SERVICES**
RESEARCH & ANALYSIS

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