Gross Domestic Product Data Comes to Metropolitan Areas

Any serious discussion of the state of the U.S. economy includes at least a side conversation about the nation's "gross domestic product." What is it? Gross domestic product measures value of all the goods and services produced by the U.S. economy in a given time period. Gross domestic product or "GDP" tells us whether the economy is growing or contracting. The financial press uses the general rule that two quarters of declining GDP indicates a recession—although that's not always true. And, the stock market rises and falls based on the release of this one statistic.

I Want My GDP!

In the past, the Bureau of Economic Analysis didn't publish local-level GDP figures, and its state figures were miserably out-of-date. But sometimes things do get better in the data world. Recently the federal government has begun releasing GDP figures for metropolitan statistical areas. In addition, they are now providing data on an "accelerated" basis. That's their word, not mine, since the most recently released numbers are for 2008.

Of course, just like the national GDP statistics, the metro data is often revised. Keep in mind that the most common word in their printed methodology for calculating GDP is "estimate." (Sorry, I'm with the data police. It's my duty to point these things out.) Nevertheless, the new GDP estimates for Utah's metropolitan statistical areas provide some interesting insights on the boom-to-bust cycle we've recently experienced.

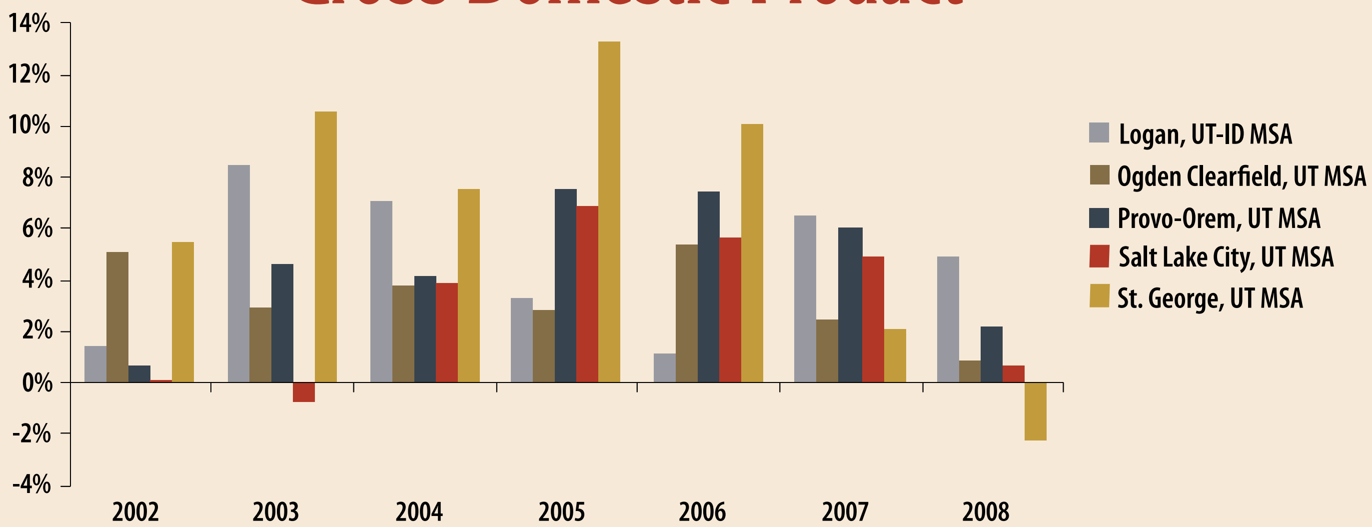
Charting Boom-to-Bust Cycles

Utah has five metropolitan statistical areas (MSA): Logan, UT-ID (Cache County, Utah and Franklin County, Idaho); Ogden-Clearfield, UT (Davis, Weber, Morgan counties), Provo-Orem, UT (Utah and Juab counties), Salt Lake City, UT (Salt Lake, Summit, and Tooele counties) and St. George, UT (Washington County). Each MSA showed a unique pattern during the recent boom-to-bust cycle.

Comparing "real" or inflation-adjusted estimates for these areas produces an enlightening picture. Most MSAs displayed their most rapid GDP growth in 2005-2006 and their worst performance in 2008. However, the Logan MSA bucked this trend. Its highest GDP growth occurred in 2003 and its worst growth in 2006. In 2008, while everyone else was experiencing slow or no growth, the Logan MSA managed a 5-percent gain.

While generally following the trend of other MSAs, the Salt Lake City MSA ac-

Annual Change in Real*
Gross Domestic Product



**Chained 2001 dollars.*
Source: U.S. Bureau of Economic Analysis.

tually experienced declining GDP during 2003, when most areas registered strong growth. Overall, the Ogden-Clearfield MSA showed the most consistent expansion in GDP, although here too, the recession was apparent in the slower growth of 2008.

The dreadful toll of the boom-to-bust cycle was most apparent for the St. George MSA. Back in 2005, when the feds released the first prototype GDP totals for MSAs, the St. George MSA, with a 13-percent annual rate of real GDP growth, ranked as the fourth fastest growing metro economy in the United States.

However, the release of 2008 GDP figures found the county with a 2-percent decline in real gross domestic product. And instead of ranking fourth for GDP growth, it ranked 329 out of 366 metro areas. Ouch! Boom to bust, indeed.

For more information on gross domestic product for the Utah's metropolitan statistical areas, go to: www.bea.gov