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Modest Financial Activities Job Growth



In addition to the construction industry, another major industry sector at the center of the housing boom and bust, with the subsequent financial meltdown and the Great Recession, was financial activities. Banks, credit unions and other financing businesses, along with real estate agents, brokers and related activities are within the financial activities industry group.

Over the past ten years, there was a significant increase in financial activities jobs. Included within the decade was the housing boom that ended in 2007, a rather dramatic drop of employment as a result of the 2008/2009 recession and renewed job growth since 2010. In 2002 total employment in the industry stood at 63,300, comprising about 5.4 percent of all payroll jobs in Utah. With the housing boom and hot economy, financial activities employment reached a peak annual average of 74,700 in 2007, accounting for 6.0 percent of payroll jobs in the state. Over this five-year period, jobs were growing at 3.6 percent per year compared to overall Utah payroll job growth of 3.3 percent.

In Figure 1, financial activities have been divided into six sub-industry categories, with the percentage of industry employment displayed for each category. Not surprisingly, the activities that grew the most from 2002 to 2007 during the housing boom were real estate and related businesses, which

increased its share of financial activities employment by 2.1 percentage points, from 14.8 percent to 16.9 percent. Real estate jobs had increased from an average of 9,350 in 2002 to average 12,600 in 2007, an increase of 34.9 percent.

The housing bust and Great Recession took a significant toll on financial activities with annual average employment reaching a low of 68,000 in 2010, a drop of 9.0 percent from 2007. Real estate employment has declined by a somewhat smaller amount by 8.3 percent. By 2012, some recovery of financial activities jobs has occurred with average employment estimated to be about 69,400. Figure 1 shows the structural changes that have occurred within financial activities by 2012 compared to 2007. Real estate has actually gained an additional 0.5 percent share of employment within the industry, with the largest increase in job share accruing to securities/trusts/other finance, increasing to 11.0 percent compared to 9.3 percent in 2007.

The 2013 outlook for financial activities suggests overall job increases of about 2.2 percent above 2012. This rate is less than what is expected for total job growth in Utah, which should increase from 3.3 to 4.0 percent in the coming year. Total 2013 financial activities employment will likely average about 71,000, with the largest increases occurring within securities/trusts/other finance and in real estate. 

Figure 1—Share of Total Utah Financial Activities by Industry Group:
2002, 2007 and 2012 Estimate
Total Financial Activities Employment for the Selected Years

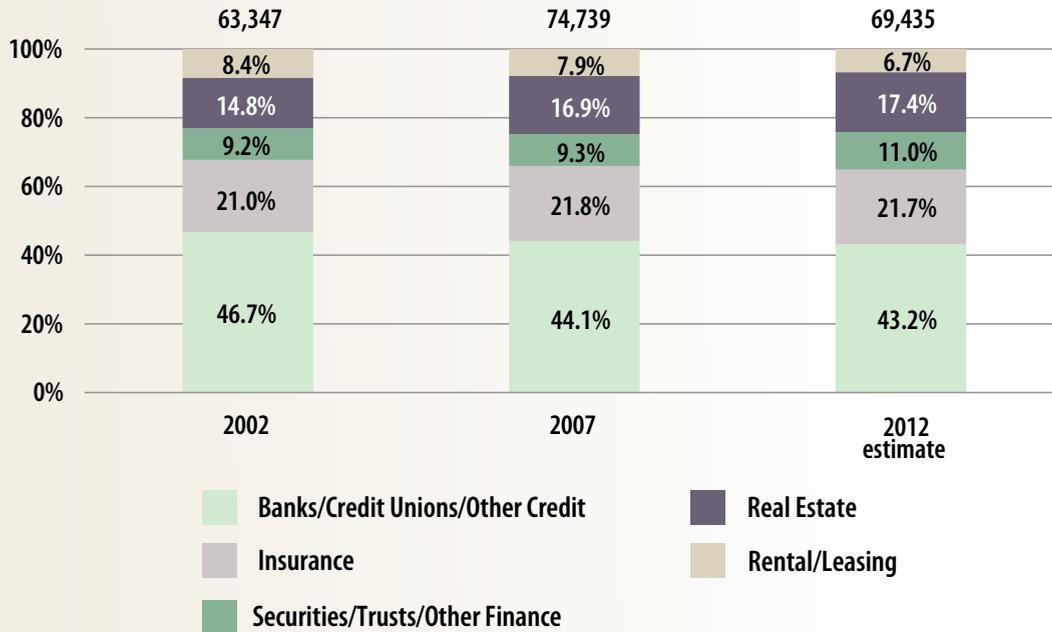
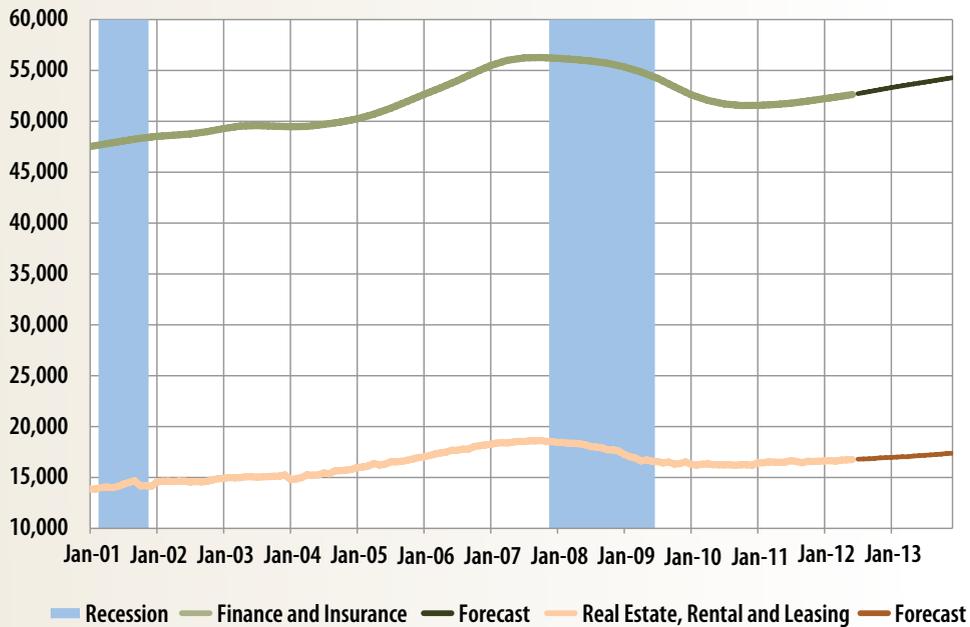


Figure 2—Utah Financial Activities Employment by Month: 2001 to 2013
(Seasonally Adjusted)



Source: Utah Department of Workforce Services.