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Mountain Monitor - 1st Quarter 2014

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Mountain Monitor

Tracking Economic Recession and Recovery in the Intermountain West's Metropolitan Areas

Kenan Fikri and Mark Muro

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The quarter's Mountain Monitor finds that the rate of economic recovery in the major metropolitan areas of the Mountain West is no longer impervious to national trends.

The previous edition of the Mountain Monitor observed that the regional rate of recovery seemed to be converging toward that of the nation. This edition of the Mountain Monitor suggests that the trend has progressed further.

The rate of economic recovery broadly slowed across the region from the fourth quarter of 2013 to the first quarter of 2014, just as it did nationally. The national headlines in the first three months of the year were of contracting output and a flagging housing recovery. Both trends were observable across the Mountain West. Only four major metro areas in the region—Boise, Ogden, Phoenix, and Tucson—managed to eke out small output gains in the first quarter. Meanwhile, the region's robust housing recovery slowed dramatically and in the cases of Colorado Springs, Denver, Ogden, and Provo reversed course. Only in Albuquerque and Tucson did house price increases accelerate.

Mountain metro areas performed better than the national economy on employment growth, however, with eight of the region's 10 major metro areas posting quarterly growth rates above the national average. Boise joined the United States as a whole in starting 2014 by achieving a full employment recovery—a milestone that remained distant for Albuquerque, Las Vegas, Phoenix, and Tucson.

Altogether across the region's 10 major metro areas, employment increased by 0.6 percent over the quarter, compared to 0.2 percent nationwide. The region-wide unemployment rate declined only slightly and by less than the national average, to 6.3 percent. Output stagnated across the region, and the rate of increase in house prices fell to 1.2 percent—the slowest rate since the housing recovery took hold.

For complete information on each metropolitan area's economic performance across indicators and compared to peers, visit Brookings' new [Metro Monitor website](#). Here's a preview of how economic recovery progressed in the Mountain West's 10 major metro areas in the first quarter of 2014:

Albuquerque. Job growth remained negative for the third straight quarter in [Albuquerque](#) as employment levels declined by 0.2 percent. The metro area continues to slide back towards its post-recession low-point and is now the Mountain region metro area furthest away from pre-recession peak employment in percentage terms. The unemployment rate increased in the first three months of 2014 by 0.3 percentage points, to 7.3 percent, after having fallen slightly in previous quarters. Output contracted by 0.5 percent, the sharpest although not lone pull-back in the region. Housing was a bright spot, with prices increasing by 0.9 percent over the first quarter, above the national average rate.

Boise. [Boise](#) achieved a full employment recovery in the first quarter of 2014 as a 0.3 percent expansion in the number of jobs proved sufficient to carry the metro area just past this important milestone. After three years of recession and four years of recovery, metro Boise again contained as many jobs as it did before the recession took its toll. The unemployment rate fell in the first quarter by 0.2 percentage points to 5.1 percent, well below the national large metro area average of 6.5 percent. While output levels stagnated in the region and contracted nationally, Boise eked out a 0.1 percent increase in production in the first quarter. The rate of house price growth slowed to 1.7 percent but still beat national and regional averages.

Colorado Springs. After falling at the end of 2013, employment rebounded in the first quarter of the new year and the number of jobs in [Colorado Springs](#) expanded by 0.5 percent—the fastest rate in over a year and ahead of the national large metro average of 0.3 percent. The unemployment rate held steady, however, at 7.6 percent—the second highest rate in the region behind Las Vegas. The Springs' output recovery also stagnated at the beginning of the year, with output remaining flat in the quarter. Against the backdrop of a slowing housing recovery both nationally and in the region, house prices in Colorado Springs fell by 0.2 percent in the first three months of 2014 for the second straight quarter.

Denver. The employment growth rate accelerated to 0.6 percent in [Denver](#) in the first quarter of 2014, on par with the regional average. After successive quarters of sustained job growth, by early 2014 Denver contained 4.7 percent more jobs than it did before the recession and ranked among the top 20 performers nationally on this metric. The unemployment rate held steady at 6.0 percent in the first quarter after having fallen in each of the three quarters prior. Output growth, however, also ground to a halt with production remaining unchanged in the first quarter. Finally, home prices slipped 0.2 percent, just as they did nationally, after a period of strong growth.

Las Vegas. Employment growth accelerated swiftly in the first quarter in [Las Vegas](#) as the number of jobs increased by 1.4 percent, one of the strongest quarterly performances among the country's major metro areas. This compared to 0.6 percent region-wide and 0.2 percent nationally. Nevertheless, the number of jobs in Las Vegas remained 6.0 percent below its pre-recession peak. The unemployment rate fell by 0.4 percentage points for the second straight quarter to 8.8 percent—a level not seen since early 2008 even if it remained the highest unemployment rate in the region. Las Vegas also succumbed to the national slowdown in output and experienced no change in the level of production over the quarter. The rate of increase in house prices slowed considerably in the first three months of the year, to 2.9 percent from 5.9 percent in the previous quarter. Relative to its large metro area peers, however, this qualified as one of the strongest quarterly increases in the country.

Ogden. Employment levels increased by a modest 0.2 percent in [Ogden](#) in the first quarter of the year, reflecting a slight slowdown over the previous quarter. The unemployment rate remained unchanged at 4.1 percent—the third lowest in the region behind Provo and Salt Lake City and well below the national average of 6.5 percent. Output increased by 0.1 percent, which was sufficient to make Ogden one of the top performers nationally on this metric. Home prices, meanwhile, fell by 0.5 percent in the first three months of the year after having increased steadily in quarters prior.

Phoenix. Employment continued to expand in [Phoenix](#) in the first quarter of the year but at a slower rate, rising by 0.4 percent compared to 0.7 percent in the quarter prior. The unemployment rate fell by 0.2 percentage points for the third straight quarter and ended March at 6.4 percent—just below the national large metro average of 6.5 percent. Output levels increased by 0.2 percent over the quarter, which registered as one of the strongest growth rates nationally even as it reflected a sharp slowdown over previous quarters locally. Phoenix closed the first quarter of 2014 on the cusp of a full output recovery, with metro area GDP only 0.6 percent below its pre-recession peak. Home prices, meanwhile, rose by 2.0 percent—another strong performance relative to peers even as it represented a quarterly slowdown for Phoenix.

Provo. [Provo](#) posted the second fastest rate of job growth in the region in the fourth quarter as employment expanded by 0.9 percent, behind only Las Vegas. The unemployment rate remained unchanged at 3.9 percent, the lowest among all large metro areas in the country. The rate of output growth swung sharply negative, however, as metro area GDP contracted by 0.4 percent—compared to the more modest 0.1 percent fall nationally. House price growth turned negative as well. Home prices fell by 0.8 percent in Provo in the first quarter, more than any other metro area in the region.

Salt Lake City. The rate of employment growth revived to 0.5 percent in [Salt Lake City](#) in the first quarter of 2014 after having slackened at the end of the year. The unemployment rate ticked up slightly, however, to a still-low 4.0 percent. Output also contracted, by 0.2 percent, as the national slowdown made its effects felt. Finally, the rate of house price growth fell to the national large metro average of 0.2 percent after several quarters of solid increases.

Tucson. Employment in [Tucson](#) increased faster than average in the first quarter as the number of jobs rose by 0.8 percent—faster than at any point in the past year. The level of employment remained 4.7 percent below its pre-recession peak, however. The unemployment rate declined by 0.2 percentage points over the first three months of the year, at pace with previous quarters and finishing March at 6.6 percent. Output increased slightly over the quarter, by 0.1 percent—welcome progress in one of the three Mountain metro areas still awaiting a full output recovery. Finally, the rate of house price growth in Tucson quickened in the first quarter and rose to 2.4 percent, behind only Las Vegas.

Summary table of performance over the past two quarters

Metro Area	Employment		Output		Unemployment		House prices	
	2013Q4 to 2014Q1	2013Q3 to 2013Q4	2013Q4 to 2014Q1	2013Q3 to 2013Q4	2013Q4 to 2014Q1	Rate 2014Q1	2013Q4 to 2014Q1	2013Q3 to 2013Q4
Albuquerque, NM	-0.2%	-0.6%	-0.5%	0.2%	0.3%	7.3%	0.9%	-0.1%
Boise City-Nampa, ID	0.3%	0.6%	0.1%	0.6%	-0.2%	5.1%	1.7%	2.4%
Colorado Springs, CO	0.5%	-0.2%	0.0%	-0.3%	0.0%	7.6%	-0.2%	-0.2%
Denver-Aurora, CO	0.6%	0.5%	0.0%	0.8%	0.0%	6.0%	-0.2%	2.1%
Las Vegas-Paradise, NV	1.4%	0.5%	0.0%	0.5%	-0.4%	8.8%	2.9%	5.9%
Ogden-Clearfield, UT	0.2%	0.3%	0.1%	0.4%	0.0%	4.1%	-0.5%	1.5%
Phoenix-Mesa-Glendale, AZ	0.4%	0.7%	0.2%	0.7%	-0.2%	6.4%	2.0%	4.3%
Provo-Orem, UT	0.9%	0.9%	-0.4%	0.4%	0.0%	3.9%	-0.8%	2.2%
Salt Lake City, UT	0.5%	0.2%	-0.2%	0.7%	0.1%	4.0%	0.2%	2.0%
Tucson, AZ	0.8%	0.3%	0.1%	0.6%	-0.2%	6.6%	2.4%	2.2%
Intermountain West metro areas	0.6%	0.4%	0.0%	0.6%	-0.1%	6.3%	1.2%	3.0%
Top 100 metro areas	0.3%	0.4%	-0.2%	0.6%	-0.3%	6.5%	0.2%	2.1%
United States	0.2%	0.5%	-0.1%	0.7%	0.0%	6.7%	-0.2%	1.5%

Please visit the Monitor's interactive website for additional materials, including individual metro profiles with job and output information by industry and trendline graphics across each indicator at www.brookings.edu/metromonitor.

About the Metropolitan Policy Program at the Brookings Institution

Created in 1996, the Brookings Institution's Metropolitan Policy Program provides decision makers with cutting-edge research and policy ideas for improving the health and prosperity of cities and metropolitan areas including their component cities, suburbs, and rural areas. To learn more visit: www.brookings.edu/metro

Brookings Mountain West

Established in 2009 as a partnership between the Brookings Institution and the University of Nevada, Las Vegas (UNLV), Brookings Mountain West (BMW) seeks to bring high-quality independent and influential public policy research to the critical issues facing the dynamic metropolitan areas of the Mountain West region. In this, the new initiative builds upon the work of Brookings' Metropolitan Policy Program, which focuses on helping metropolitan areas like Las Vegas grow in robust, inclusive, and sustainable ways through attention to the fundamental drivers of prosperity such as innovation, infrastructure, human capital, and quality of place, as well as regional governance. Along those lines, BMW, along with partners throughout the Mountain West, takes a deep interest in such areas as infrastructure improvement, economic growth, demographic change, environmental impact, alternative energy, and real estate investment.

As the Mountain West emerges as a new American Heartland, it will play an increasingly significant role in shaping national policy discussions. BMW provides a forum for this dialogue and offers knowledge-based policy solutions to help improve the quality of life in the West. Learn more at <http://brookingsmtnwest.unlv.edu/>

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